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Jackson

Refuses

To Yield

**But He Sees Hope** 

In Aides' Talks on

**Eve of Convention** 

By Fred Farris

International Herald Tribune
WASHINGTON — On the eve
of the Democratic National Convention, Jesse L. Jackson made it

clear Sunday that his differences

with Governor Michael S. Dukakis

had not been cleared up and that he

remained a candidate for the presi-

dential nomination and possibly

But Mr. Jackson, the runner-up

in the Democratic primaries, said

that he expected talks between his

aides and Mr. Dukakis's to resolve problems that could prevent a

Mr. Dukakis, meanwhile, stressed that "you can't have two quarterbacks." Mr. Jackson said he wanted a

clear and important role for him-

self and the "progressive" wing of the Democratic Party that he said he represents, both in the campaign

and later. Among the unresolved

issues are 13 planks in the proposed

party platform that are being con-

The Massachusetts governor who has the delegate support needed for nomination Wednesday

night, said Sunday in Boston be-fore flying to Atlanta that he had

spoken to Mr. Jackson by tele-

phone earlier in the day, but he

declined to discuss the substance of

Senator Lloyd Bentsen of Texas, whom Mr. Dukakis has selected as

his vice presidential running mate,

also reportedly spoke with Mr.

Jackson before he joined Mr. Du-

Mr. Dukakis sought to minimize

kakis on a flight to Atlanta.

tested by the Jackson forces.

smooth convention.

the vice presidential nomination.

**ESTABLISHED 1887** 

No. 32,781

Published With The New York Times and The Washington Post PARIS, MONDAY, JULY 18, 1988

### Soviets Warming Up to Japan In New Spirit of Conciliation

finemational Herald Tribune
TOKYO — Two years after notentially historic new policy in the Pacific region, Moscow is quiet-y seeking to advance ties with Ja-pan significantly beyond the stale-mate of the last three decades.

In line with the Soviet leader's drive for a new look at old prob-Iems, momentum in Soviet-Japanese relations is likely to emerge within the next two years. It could dramatically alter existing diplomatic and security relationships.

" Mr. Gorbachev appears to have begin a comprehensive review of Soviet policy toward Japan in recent months, according to Japanese officials in Moscow.

the Kremim's highest foreign-po- fort to restructure its economy.

licy priority now seems to be improving relations with Japan.

But Moscow has made only Mildrail S. Gorbachev outlined a modest political diplomatic progress elsewhere in Asia since Mr. Gorbachev delivered a major po-licy statement at Vladivostok in the Soviet Far East in July 1986.

The Soviet leader's inability to improve relations with Japan has emerged as one of his most important diplomatic shortcomings.

It will be virtually impossible for Mr. Gorbachev to fulfill the ambitions he set forth at Vladivostok --to advance the Soviet Union as a Pacific power and to harness East Asia's economic dynamism -without Japan's participation.

in particular, Japanese technology, investment capital and bank credits are viewed as essential to Apart from continuing the process of rapprochement with China, the development of the Soviet Far

"Gorbachev faces serious constraints, particularly with regards to the military," said Hiroshi Ki-mura, a professor at Hokkaido University and an authority on the Soviet Union. "But those who feel they must break the ice are gradually gaining influence." Moscow's refusal to recognize

Japanese claims to four small is-lands in the Kuriles chain has blocked the developments of extensive political and economic links between the two nations. The Soviet Union occupied the islands at the end of World War II. But Soviet officials, Communist

party representatives and scholars are using a variety of informal channels to sound out their Japanese counterparts as to how an effective diplomatic action toward

See SOVIET, Page 5

to extend its political influence in the Third World, according to a

1985 report by the Office of the Chief of Naval Operations.

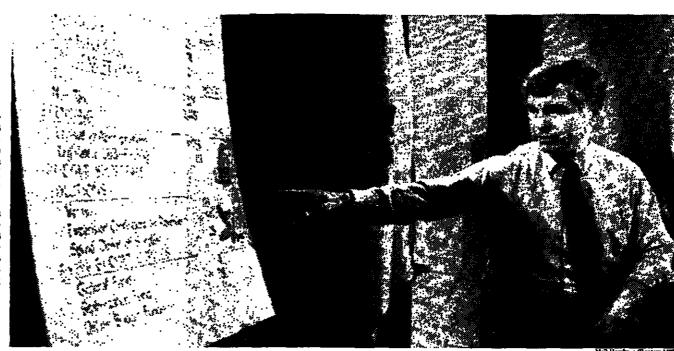
The latest U.S. figures, however,

show that there has been a signifi-

cant decline in the deployment of

The decline affects deployments

Soviet naval forces since 1984.



Michael Dukakis, top, in Boston on Sunday discussing the state budget, and Jesse Jackson during a CBS interview with Leslie Stahl.



### Soviet Navy: Wanderlust Lost

- By Michael R. Gordon New York Times Service

WASHINGTON - The Soviet Union has cut back on overseas naval deployments and has stopped carrying out ambitious naval exercises far from Soviet territory, according to high U.S. and Soviet military officials.

Marshal Sergei F. Akhromeyev, the Soviet chief of staff, said at a Pentagon news conference last week that the cutback was an example of Moscow's new effort to develop a purely defensive military doctrine

High U.S. military leaders have suggested that the cutback primari-

#### Kiosk

#### 4 GIs Are Hurt In Honduras

TEGUCIGALPA, Honduras (AP) — Attackers hurled bombs and opened fire at U.S. suldiers leaving a discotheque early. Standay in the accident. city of San Pedro Sala and onded four, an America Embassy spokesman said.

He said the soldiers were on leave, carried no weapons and were in civilian clothes. All. were hospitalized and were in stable condition, the spokesman said.

MONDAY Q&A



Bergsten sees an urgent need for U.S. domestic demand to be slowed. Page 2.

**General News** After protests, Pakistan halted delivery of most types of arms to Afghan rebels. Page 2.

The Group of Seven nations is divided over the role of commodity prices in guiding eco-Page 7. nomic decisions.

**Business/Finance** 

#### TO OUR READERS

With today's editions, the International Herald Tribune is transferring its printing fa-cility for North and Latin America to New York from Miami. The change will expedite the delivery of the newspaper, and, for many readers in key North American cities, bring them the later reports of the IHT's closing Paris edi-

In announcing the opening of the new printing facility. Lee Huebner, the newspaper's publisher, said the move takes advantage of "the frequent departures from LaGuardia and Kennedy airports to key North American cities. Our studies have also shown that we can fly copies to major markets in Latin America as effectively from New York as we were able to do from Mi-

"Same-day delivery now will be routinely available to internationally oriented cities such as New York, Washington, Boston, Chicago, San Francisco and Los Angeles," said Michael Conroy, president of the IHT's subsidiary in the United States.

#### ly reflects budget concerns in Mos-missile-firing submarines operating cow, and does not necessarily mean in waters close to the Soviet Union. an important change in military But the growth also provided Moscow with an important means

strategy.
"There is no question that we have seen fewer forward naval deployments," said Admiral William

Warsaw Pact leaders call for multilateral talks on the reduction of conventional arms. Page 5.

J. Crowe Jr., chairman of the Joint Chiefs of Staff, who said that the change appeared to reflect Soviet cost-cutting efforts. Experts on the Soviet Navy have

speculated that the changed pattern of deployments and naval exercises might also reflect a Soviet effort to project a more benign image in Western Europe and Asia. The decline in Soviet operations represents a reversal of a long

trend. Soviet naval operations grew considerably from 1965 to 1984, the "peak" year, according to U.S. Navy figures.

The designed wartime role of the

Soviet Navy has been the largely defensive one of keeping U.S. war-ships from approaching Soviet ter-nitery and propositing the Soviet

By George C. Wilson

Washington Post Service
WASHINGTON — One year

after it began escorting Kuwaiti tankers through the Gulf, the Unit-

ended commitment to protect the

NEWS ANALYSIS

and aircraft the U.S. commander says he needs most to curb the

Command, has had the mission of

During General Crist's tour, the United States has increased its

presence in the region to 15,000 military personnel from 2,000, and

to 27 navy ships from six, including aircraft carriers and high-technol-

ogy Aegis cruisers like the Vin-

cennes, which mistakenly shot

tanker war.

**An Open Commitment** 

ed States seems stuck with an open- chant shipping continue to increase

waterway without the kind of ships commitment to keep the waterway

of Soviet destroyers, frigates, corvettes, logistic ships, attack submarines, and strategic submarines that carry nuclear-warhead ballistic and cruise missiles.

According to the U.S. Navy, the Soviet fleet deployed an average of 46 submarines each day in 1984. In 1987, the Soviet fleet deployed an average of 25 submarines each day. In 1984, the average deployment of warships on a given day was 31 warships. In 1987, the average was 24 per day.

In an important change, the Soviet Union did not send a naval task force to the Caribbean last year, the first time in this decade. The U.S. Navy has previously

See FLEET, Page 5

down an Iran Air A-300B Airbus

This greatly increased military presence has not resulted in less

violence at sea - attacks on mer-

- but has demonstrated a U.S.

open with little help from the Sovi-

et Union, according to statistics

But military leaders who a few

See ESCORT, Page 5

peace to the Iranians.

and military leaders.

carrying 290 people on July 3.

### gan era and come to terms with its U.S. Navy in the Gulf:

As the Democrats prepare to send Governor Michael S. Dukakis won only once in the last five elections, party leaders with the notable exception of Jesse L. Jackson say they have put aside their facnalism, acknowledged the need for fiscal discipline and redefined mestic needs in hopes of victory in the Nov. 8 election.

By David S. Broder

Washington Post Service

confident, the Democratic Party

has come here for its quadrennial

convention this week determined

ATLANTA — Chastened but

"I'm not sure I can explain it," it's there. I sense it everywhere I go. among government, the private conservatives like Senator Sam There's a growing consensus." sector and recipients of benefits. Nunn of Georgia and former Gov-There's a growing consensus."

New Unity Makes Democrats Confident Mr. Dukakis signaled his desire for unity when he selected Senator nition that the deepest division -Lloyd Bentsen of Texas as his run- over the shape and costs of the next ning mate, reviving the Boston-Austin alliance that worked for the flare into open warfare if Mr. Duto show that it has healed the crip- dation for such a consensus cam-

of Massachusetts on the quest for edly among congressional Demo- my Carter-Edward M. Kennedy the White House, which they have crats since the first year of the Rea-battle of 1980 and contributed to gan administration, when the Ronald Reagan's victory. president could regularly count on defecting Democrats to help him New Jersey, who is scheduled to enact his conservative programs.

ocratic governors have found their next month, said that the Demotheir approach to military and do- way to a common agenda empha- crats "can paper it over in the short sizing education and economic de-run," But in the long run, he added, velopment. Many programs they there is too wide a gap between the have started rely on cooperation views of liberal Democrats like Mr. Mr. Dukakis said last week, "but with business and a sharing of costs Jackson and of Southern moderate-

Still, there is a widespread recog- ernor Charles S. Robb of Virginia.

Democrats in 1960. But the foun- kakis is elected. The risks have increased, many say, because Mr. pling internal quarrels of the Rea- paign has been building since 1984. Jackson has become the de facto Party unity has increased mark-leader of the party's left; this has added the explosive question of race to the 159 ies of budget priori ties that split the party in the Jim-

> Governor Thomas H. Kean of give the keynote speech at the Re-

Now, Mr. Dukakis noted, Dem-publican National Convention

the uncertainty surrounding Mr. Jackson, saying, "No Democratic convention would be a Democratic Stuart E. Eizenstat, a party strategist who, as President Carter's doconvention without a little contromestic policy coordinator, saw the fragile consensus unravel in 1980. He denied that he was upset by said that the movement Mr. Jack-Mr. Jackson's reaction to his selecson heads was "outside, and quite tion of Mr. Bentsen. "This is the critical of, the emerging party constuff of politics," Mr. Dukakis said. Dukakis aides said Sunday that seasas."

Eizenstat added. "The great danger See DEMOCRATS, Page 6

tion of Paul G. Kirk Jr. as the party See JACKSON, Page 6



#### On Page 6

• Japan prefers George Bush, feeling safer with "the devil you know." • Democratic delegates are more liberal than the voters they represent.

Jimmy Carter says Bush gives "a kind of effeminate impression."

# months ago were drafting plans to reduce the number of ships in the Gulf said they had been ordered to the plans to the following the plans to the p

Since November 1985, General shelve those proposals. This con-George B. Crist of the Marine fronts the next president with an Corps, as head of the U.S. Central open-ended commitment to a big military presence in the Gulf unless out of Washington, which showed a nomic performance, to determine small increase in the U.S. deficit exchange rate movements. asserting the right of navigation in the Iran-Iraq war ends, allied naasserting the right of navigation in the frain-trait war cause, aniet in the Gulf and, more recently, protecting tankers flying a U.S. or friendly flag. The U.S. Navy began escorting reflagged Kuwaiti tankers last July 22 — a year ago this week.

General Crist told the House week.

that was in line with market expectations, has given traders a green light to resume buying dollars.

Appropriations defense subcom-mittee in February in secret testisignaling whether to buy or sell, the dollar has been and remains a buy.

"The technical strength of the dollar remains in place so long as the exchange rate remains above 1.92 DM.
1.81 Deutsche marks and 129.60 The doll After military gains, President Saddam Hussein of Iraq offers

By Carl Gewirtz

don-based company, Crane Invest
ment Analysis, looks at charts and
PARIS—The latest trade report

from the low of 1.8393. The dollar

momic expansion," he said. This

lapanese to raise interest rates to

"I see little reason why (anticipated) minor resistance at 1.8610 DM should stem the advance," he For chartists, analysts who plot said. "I can't see any reason for it to the daily closing rates and see the get choked off before we get to shape of the formed line graph as 1.8815. From that level, I would look for only minor retracement as

> He predicted the dollar would then hit a year-end level of around The dollar ended in New York at

yen," said Simon Crane. His Lon- an 11-month high of 1.8805 Deut-

Concerted, but tepid, intervenlowed the trade report.

Mr. Crane said he thought fundamental factors reinforced the lar could rise to 141 yen. picture he obtained from the

"Interest rates are going to con- But a rise beyond that point could

from the low of 1.8393. The dollar hit 135.55 yen before closing at an eight-month high of 135.45 yen, well up from the day's low of 133.70 yen.

pressures and a robust rate of economic overheating, obliging the Japanese to raise interest rates to slow domestic demand to make room for expanding exports.

A Crane analyst, Sue Pollard, said Friday's close of 135.45 yen

Higher interest rates would make

tion by European central banks dollar-denominated assets more at-and the Federal Reserve System tractive for foreign investors, enfailed to arrest the surge in the U.S. couraging further sales of yen and currency on Friday, which fol- European currencies to buy the U.S. currency.

In Asia, Mr. Crane said, the dol-

"Up to that level, the Japanese have room to be tolerant," he said.

was a significant breakthrough in-

dicating more gains to come. Robert Kepler, a technical analyst at Shearson Lehman Hutton

Inc., said a major test of the dollar's strength would occur if it can break mar. Kepler said he did not see a "vertical drop" of the yen, but a "more labored" trading range,

See DOLLAR, Page 9

Thousands of southbound motorists waiting it out on the Munich-to-Salzburg autobahn in one of the summer's worst traffic jams.

### Stau: Holiday in a Slow Lane

By Ferdinand Protzman to the other. The weekend before, Lengthy delays were reported at the Stan was only 100 kilometers almost all Alpine tunnels and FRANKFURT - The auto-

bahn from Munich to Salzburg is a scenic road, running through the wooded foothills of the Alps, crossing the Inn River and skirting the southern shore of the Chiemsee, one of Bavaria's most beautiful mountain lakes.

It is also the autobahn system's worst bottleneck. On summer weekends, thousands of German motorists, as well as foreigners, get an unwanted opportunity to familiarize themselves with the highway's pastoral surroundings as they wait in what one police official called, an almost traditional part of a German's vacation: der Stau, or traffic jam.

Although the start of the summer holiday season snarls traffic in other European countries, the traffic jams on West Germany's 8,450-kilometer (5.220-mile) autobahn system are legendary in size and peculiarly German in character.

This past weekend was the one of the worst weekends of the summer. The Munich-Salzburg antobahn on Saturday was more like a linear parking lot than a superhighway as the Bavarian police reported southbound traffic jammed from one slavian border and two-hour waits end of the 130-kilometer autobahn at the Austrian-Italian border.

"We don't keep records on the length of the traffic jams," said start of school holidays in Saarland Alfons Metzger, a spokesman for and Rhineland-Pfalz states and by the Bavarian Interior Ministry. the start of the annual summer va-But it's safe to say those are two of cation of thousands of workers

**Every German** knows there will be huge traffic jams to contend with. But people press on.

there really isn't anything that can be done to prevent them. You can't tell people not to go on vacation." In the summer, it seems as if onto the Bundestrassen, or two-

everyone in the country packs up lane federal highways, traffic exhibits car and drives south on the antobahn, heading for the later and mountains of Austria, Switzer-land north later and the state of the later and the state of the later and the later and land and Italy, or the beaches of on southern German federal high-Yugoslavia, Greece and Turkey.

Over the weekend, the flood of German sun-seekers caused four- limit on many parts of the autohour delays at the Austrian-Yugo- bahn and the heavy traffic, the sys-

passes in Austria and Switzerland. These jams were caused by the the longest we'll see this year. We from Ford-Werke AG in Cologne. know when they will happen, but The previous weekend, a school The previous weekend, a school holiday in North Rhine-Westphalia, the nation's most populous state, coincided with the start of Volkswagen AG's summer vaca-

tion period. Dutch, Belgian and Scandinavian vacationers also add to the congestion.

"These are the two worst weekends," said Dieter Wiersich, a spokesman for the Allgemeiner Deutscher Automobil-Club in Mu-

The traffic jams also spill over ways and autobahns.

Despite the absence of a speed

See JAM, Page 5

the monthly deficit rising only modest-

ly to \$10.93 billion in May. Earlier last

week, the chairman of the Federal Re-

serve Board, Alan Greenspan, warned

that inflation was now the main danger

facing the U.S. economy and suggested

that interest rates might have to rise

further. Reginald Dale, the Interna-

tional Herald Tribune's economics

correspondent, talked with C. Fred

Bergsten, director of the Washington-

based Institute for International Eco-

nomics, who has worked for both Re-

publican and Democratic

O. Is the U.S. deficit really declining

enough to adjust the world's economic

A. The trade deficit is clearly declining

and will continue to decline through 1988

and 1989 as well. The problem is that no

existing model shows the deficit ever get-

ting below \$100 billion at current ex-

By David B. Ottaway

Washington Post Service

has halted deliveries to the Afghan guerrillas of almost all types of U.S.

weapons, according to administra-tion officials. The halt, which was

with Washington's approval, came

after intense Soviet and United Na-

The U.S. officials told of a "sig-

nificant reduction" since mid-June

in the movement of weapons across

the border from Pakistan into Af-

ghanistan. They said little other

than small arms and ammunition

was now reaching the guerrilla

There has been an almost total

halt in deliveries of U.S.-made

Stinger anti-aircraft missiles and

The Pakistani decision came af-

ter the Reagan administration had

urged cooperation with UN at-

tempts to insure fulfillment of the

peace accords, which were signed

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weapons like mortars, they said.

WASHINGTON - Pakistan

administrations

Q. Will the strong dollar, and the re-

cent strength of the economy, help the

election campaign of Vice President

remains as modest as it is now, the econo-

my should continue to look good through

taking a politically neutral line in the run-

Q. Do you think Mr. Greenspan is

A. Chairman Greenspan is operating

completely independently of the political process. He is clearly indicating his con-

cern over a renewal of inflationary pres-

sures and the determination of the Fed to

head them off if necessary, regardless of

postponing tackling its economic prob-

Q. Isn't the United States really only

A. The unfortunate reality is that the

United States cannot address its major

adjustment problem, namely its internal budget deficit, until after the new admin-

the timing of the election.

stan reserved the right to continue supplying the guerrillas if Moscow continued arming government forces. Nonetheless, the administration agreed to acr as "a guerrillas of the standard of t

would comprise "Afghans of recog- what impact the arms cutoff might

ems until after the elections?

A. If the dollar holds and inflation

cent of gross national product with the ed States can begin to attack its budget

deficit seriously.

George Bush?

the election.

Fighting the U.S. Deficit: Domestic Demand Is Called Key

economy so near to full employment.

further increases in interest rates?

Q. Does that mean there should be

A. A far preferable course would be a

significant cut in the budget deficit to

restrain domestic growth through fiscal

rather than monetary policy. Higher in-

terest rates discourage the investment

needed to expand export capacity and

could push the dollar higher when it

A. If this year's dollar rise were sus-

tained, it would worsen the trade balance

by at least another \$25 billion by 1990 or

so. Under those circumstances, the exter-

nal deficit would probably never get

Q. Do you think that will happen, that

A. The fundamental pressures on the

dollar are still downward. The central

banks are letting the dollar rise primarily to reduce the risk of a sharp decline prior

Q. Is the recent strength of the dollar up to the election?

A. Chairman Green A. Ch

needs to go lower.

trade delicit next year?

down even to \$100 billion.

the dollar will go on rising?

After Protests, Pakistan Halts Most Arms to Afghan Rebels

Diego Cordovez, who has just re-turned from a round of shuttle di-

plomacy between Kabul and Is-

"I have received from the gov-

stan very categorical and unmistak-

learn from their recent defeats and

negotiate a comprehensive peace

ement to restore security to the

Mr. Hussein's appeal for peace

talks was accompanied by a list of

demands that Iraq has long insisted

On Friday, the United States announced more good trade figures, with will be needed.

No Priday, the United States announced more good trade figures, with will be needed.

No Priday the United States announced more good trade figures, with will be needed.

O. What actions?

A. The main additional actions needed

now relate to internal demand in the

United States and faster economic

growth in Europe. The main requirement

is to limit the growth of domestic demand

in the United States, mainly consump-

MONDAY O&A

tion, in order to free up sufficient re-

sources to improve the trade balance. If

that is done, I do not see a need for a

substantial further decline in the dollar, although the run-up that has occurred in

Q. Do you agree with Mr. Greenspan

A. Domestic and international consid-

erations now point in precisely the saine

direction for American economic policy.

A dampening of the growth of domestic

demand is needed both to achieve the

April 14 in Geneva by the Soviet stan reserved the right to continue Union, the United States, Pakistan supplying the guerrillas if Moscow

"The Pakistanis are trying to be forces. Nonetheless, the adminis-cooperative" with the UN Good tration agreed to act as "a guaran-

Offices Mission in Afghanistan and tor" of the accords.

Pakistan, a U.S. official said. "We A UN undersecretary-general,

viet officials complained bitterly lamabad, said Pakistan and about Pakistani and U.S. violations Afghanistan had agreed to "turn

of the accords, and threatened to the page" and to "start afresh" on

istan. As of late June, 23,000 had ernments of Pakistan and Afghani-

Some U.S. officials have ex- able assurances of their

ressed concern that the Soviet determination to carry out fully

Union might not meet its an- and in good faith the obligations

nounced interim goal of a 50 per- set out in the Geneva accords," he

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Varies

country

+ 52 ISSUES SAVINGS + 26 ISSUES SAVINGS + 13 ISSUES SAVINGS

6.300

1,000

880

330

74

85

365

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1,400

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17,000

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154

145

slow the withdrawal of the 100,000 carrying out the accords.

about the dangers of inflation, now that the U.S. economy is running so close to

1988 will need to be reversed.

its capacity limits?

change rates and with current national policies. So the adjustment process is ance and to avoid the risk of renewed

and Afghanistan.

told them they have a commitment

to 115,000 Soviet troops in Afghan-

left, according to Soviet officials.

of repeated guerrilla attacks on

The administration regards the

50 percent mark as the point of no

drawal of all the Soviet troops by Feb. 15, although Moscow has said

it expects to complete the process

The accords also stipulate an end

to outside interference in Afghani-

stan's internal affairs and an end to

the support by Pakistani, the Unit-

The UN Good Offices Mission, a

50-member team of observers from

several nations, was established to

At the time of the signing, how-ever, the United States and Paki-

ed States and and others.

monitor the accords.

12 months

4.900

11,500

2,700

1,600

600

135

155

25,000

400,000

11,500

660

2,000

2,500

26.000

31.000

45,240

2,000

2.500

510

Country/Currency

Austria

Belgium

Denmark

Finland

France

Greece

Ireland

Italy

Germany\*

Gr. Britain

Luxembourg

Netherlands

Norway (air)

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**Portugal** 

Spain (air)

— (hd.del.)

Sweden (air)

Switzerland

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Rest of Europe, N. Africa, former Fr.

Africa, Middle East \$

Rest of Africa, Gulf States,

their withdrawing forces.

return for a total pullout. The accords provide for with-

by Dec. 31

cent reduction by Aug. 15 because said.

The decision also came after So-

Iraqi Leader Renews Call for Peace end. But the appeal appeared to be Diplomats in Baghdad said Iraqi By Edward Cody shington Post Service paign during which Iraqi forces driven Iranian forces from almost BAGHDAD - Riding high on a have seized the initiative on the string of swift military victories. battlefield. President Saddam Hussein of Iraq urged Iranian leaders Sunday to

and reconstruction.

A military communiqué issued Sunday said that Iraqi soldiers had withdrawn from about 3,880 square kilometers (1,500 square miles) of territory seized last week in the southern Zubeidat region, including the town of Dehloran, about 30 kilometers (19 miles) inmust be met before the war can side Iran.

Mr. Cordovez said that "a num-ber of changes" were being intro-duced to improve the functioning

of the oversight group. These in-cluded the establishment of two

military outposts on the border and

"full access" to airports to monitor

more closely the Soviet withdrawal.

posed to the two Alghanistan sides

lowed on Sept. 1 by a de facto

cease-fire and the establishment of

a "national government for peace

Such an interim government

Mr. Cordovez said he had pro-

"cooling-off period" to be fol-

significant after a four-month cam-military victories since April have all Iragi territory they occupied since early in the war. Swift retreats by Iranian troops.

ers, by March I to form a new

Neither side has expressed inter-

est in such an interim neutral gov-

As of July 12, the Kabul govern-ment had filed 46 memorandums

with the UN oversight mission ac-

cusing Pakistan of at least 250 vio-

lations of the accords, which for-

The reported violations con-

cerned transit of weapons and

It was not immediately clear

groups into Afghanistan

ernment, U.S. officials said.

mally took effect May 15.

coupled with signs of growing disillusionment in Tehran, have raised the question whether Ayatollah Ruhollah Khomeini's Islamic Revolution may have been thrown seriously off balance.

Journalists who visited the Zubeidat region said Iraqi forces appeared to have swept ahead in just a few hours. Iranian authorities in Tehran said that the defenders had withdrawn without a major battle.

The initiative in the Gulf War has shifted at least three times since hostilities began in September 1980. But with Iraq now holding the upper hand, diplomats said, Mr. Hussein must decide whether to press his advantage by seeking to inflict more defeats on Iranian forces or by organizing diplomatic pressure on Ayatollah Khomeini's leadership to accept peace on Iraqi

Mr. Hussein, speaking on na-tional television on the 20th anniversary of the Ba'ath Party's rise to power, seemed to give equal emphasis to both courses.

an war machine would "collapse." "In line with our constant princiSoviet weapons from posts abandoned by the Afghan Army to the rebels since mid-April. Iran Asks Help

et government.
The rebels have recently suffered

several setbacks on the ground,

failing to take garrisons and towns

they singled out or being forced to

withdraw from several after initially having seized control.

Statements by several guerrilla leaders in April that they would

have control by June of Jalalabad

or Kandahar, two major provincial capitals, proved over-ambitious.

U.S. officials said the guerrillas

were well supplied with arms and

had captured a huge quantity of

istration and Congress take office. I be-

lieve they must deal decisively with the

budget deficit in their first few months or

risk a collapse of confidence in the dollar,

as the world would then anticipate four

Q. Do you think that the new adminis-

tration will take a tougher line with

America's trade partners?

A. Any new administration will contin-

ue to take a tough line on trade issues.

But it is also likely that the new adminis-

tration will mount a major attack on the

budget deficit and will thereby reduce

protectionist pressures. That will im-

prove the climate for trade liberalization

and the current round of international

Q. Do you agree with those who say that the new administration, whether it is

Democrat or Republican, will step up

government aid to U.S. industry to help it

compete with Japan?

A. In the light of the country's budget

problems. I do not see any significant

increase in aid to industry. A successful

attack on the trade deficit, through cut-

ting the budget deficit, would substan-tially reduce pressures in that direction.

trade negotiations.

more years of huge twin deficits.

On Black Box The Associated Press NICOSIA - Iran said Sunday that it had asked the European Airbus consortium to help in the search for the black box flight recorder from the airliner that was shot down by a U.S. cruiser.

The Iranian news agency, IRNA, said that the request had been made through the French member of the consortium, Aérospatiale.

The Airbus A-300 was shot down by the emiser Vincennes on July 3, killing 290 people. The Pentagon said information gathered by the cruiser showed the plane had been descending in an "attack profile," but Iran said the plane could help determine the truth.

on the rulers in Tehran to draw the real lessons of the defeats and their abortive adventures against Iraq and the countries of the Gulf."

Council Resolution 598, and stated He praised the Iraqi Army's his willingness to reach an agree-great victories" and told Iraqis ment with Tehran based on five that they had reached a "great en-trance" to a year in which the Iraniples over the years." Mr. Hussein each country's political system and

### sad, "today we extend our hands contributions to security in the for an honorable peace, and we call Gulf region.

nonal Herald Tribune

LONDON - Two French air traffic controllers unions have de-hours at most for flights to coastal cided to call off a one-day strike Spain and Greece, an airport scheduled for Monday, but the Eu-spokesman said. ropean air traffic system will remain under pressure because of said Sunday that more than 75 perheavy vacation travel and other cent of its European flights from problems, according to airline in-

controllers also are weighing strike action, and industry officials say there is a crisis in European air-travel, particularly among char-tered flights, with no short-term solution to bottlenecks in sight.

A strike last week by Greek coutrollers, which has now eased, created major disruption on flights to and from the eastern Mediterra-nean. There were delays of up to 50 hours for charter flights to the

unions, whose members represent nearly 70 percent of French air traffic controllers, had decided to call off the strike, scheduled for 5 A.M. Monday, because the French government had agreed to recruit more staff and to increase salaries. Union officials said that some de-

A third union representing port to Paris, decided Friday to French air traffic controllers, the cancel Monday's flights. CGT, has refused to work, and air-lines said it would be too late to is a result of high demand, abetted restore most canceled flights.

With the easing of the Greek strike by the weekend, delays at Gatwick had been reduced to a few

The British Airways charter airline, Caledonian Airways, saw more than 90 percent of its aircraft take off within an hour of schedule Friday and Saturday, and no flight was delayed more than 75 minutes.

"The fear is that now the congestion and strike action will be focused on Central Europe and on the Western Mediterranean," said David Kyd, a spokesman for the International Air Transport Asso-

French controllers would cause "a ripple effect" through the entire European system because of

Some regional airlines had al-

### WORLD BRIEFS

### Armenians Call Off General Strike

MOSCOW (Reuters) - Armenians decided Sunday to call off a general strike just before a crucial Kremlin meeting on the disputed. Nagorno-Karabakh Autonomous Region. The strike was ended for "tartical reasons," but the Armenians say that their demands for the enclave in Azerbaijan are unchanged.

Mikhail S. Gorbachev, the Soviet leader, is scheduled to attend a: meeting of the Presidium of the Supreme Soviet, the nominal parliament on Monday to review the crisis. Armenian activists apparently concluded it would be tactful for them to be at work on that day.

The general strike was announced on the first weekend in July to back. demands by the Nagorno-Karabakh governing council that the enclave become part of Armenia. There have been mass rallies in Yerevan almost

### Israeli Kills Arab in Fight for Gun

TEL AVIV (Reuters) - An Israeli soldier shot and killed a Palestinian who tried to wrest away his rifle on Sunday in a Tel Aviv suburb, the Israeli police reported. It was the first killing of an Arab inside Israel since disorders began in the occupied territories in December.

The police said the soldier, Yossi Hadasi, 18, shot a West Bank resident. in the chest when three Arabs tried to take away his M-16 rifle at a but

stop in Petah Tikva, east of Tel Aviv.

The identity of the slaim man was withheld by the Israeli police, but Palestinian sources named him as Salim Mahzoul, 21, from the village of

### Scientist Assails Soviet Achievements

WASHINGTON (Reuters) - A leading Soviet scientist has delivered a scathing indictment of Soviet science, saying that it had failed to live up to world standards. The scientist's remarks, from an article made public Suaday, appeared to contradict decades of official Soviet policy in which scientific achievements were cited as the pride of the system.

Soviet science has suffered deep and still bleeding wounds from illconceived government policies," said Roald Z. Sagdeyev, director of the
Soviet Space Research Institute. "Today, although the Soviet Union has. soviet Space Research institute. Today, authorigin the Soviet Childh has one of the world's largest scientific work forces, it has only a modest record of achievements and is contributing too little to the world's scientific knowledge." Mr. Sagdeyev, who is also adviser to the Soviet leader, Mikhail S. Gorbachev, was writing "Issues in Science and Technology," a quarterly journal published by the U.S. National Academy of

Among Mr. Sagdeyev's complaints were what he described as stultifying restrictions on the movement of scientists both at home, when housing shortages keep many from science centers around Moscow, and abroad, where isolationist bureaucrats spurn international cooperation

#### Communists Make Offer to Manila

MANILA (AP) — A guerrilla commander said Sunday that Comm nist rebels were willing to open peace talks with President Corazon C. Aquino's government in a bid to bring peace to the Philippines.

The commander, Gregorio Rosal, also accused the military of sabotaging reconciliation efforts by both the rebels and the government. But Mr. Rosal, the spokesman of the Meliton Glor command of the New People's Army rebels operating in the southern part of the main Luzon island, said the offer must not be taken by the government as an act of surrender.

The New People's Army, the armed wing of the outlawed Communist Party of the Philippines, made the statement in a tape-recorded message sent to news agencies. The 25,000-member New People's Army has been waging a guerrilla war for 19 years to establish a Marxist state.



In Soweto, South Africa, Zinzi Mandela modeled a pair of boxing gloves sent to her father, Nelson Mandela, by Mike Tyson, the

CAPE TOWN (Reuters) - Riot policemen halted a music festival Sunday at the University of Cape Town that was being held to mark the 70th birthday, on Monday, of Nelson Mandela, the jailed black nationalist leader. No one was burt.

Police blocked at least three other music festivals in South Africa and banned several sporting events planned to commemorate the day. The Cape Town concert was hastily organized in defiance of a government ban on any event observing Mr. Mandela's birthday.

Scores of policemen arrived about three hours after the concert started in a campus hall not far from Polismoor Prison, where Mr. Mandela is serving a life sentence for plotting to overthrow white rule. About 700 blacks and whites left the hall peacefully when told by a concert organizer that policemen had given them 10 minutes to leave.

#### For the Record

Three members of Egypt's Moslem fundamentalist Jihad, sentenced to life in prison in connection with the 1981 assassination of President Anwar Sadat, escaped from a Cairo prison on Sunday, police said, (UPI)

### TRAVEL UPDATE

### Avianca Workers Threaten Strike

BOGOTA (Reuters) — Employees of Avianca, the Colombian national airline, voted Saturday to go on an indefinite strike if management did not meet their demands for better wages and working conditions, a strike

In a statement, the committee said it would decide Monday when to begin the strike, which would ground all 24 Avianca airliners, used on both domestic and international flights.

#### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Botswana, Puerto Rico, Saudi Arabia, Uruguay. TUESDAY: Botswana, Nicaragua, Sandi Arabia.

WEDNESDAY: Colombia, Saudi Arabia.

THURSDAY: Belgium, Bhutan, Sandi Arabia. FRIDAY: Kuwait, Poland, Sandi Arabia,

SATURDAY: Egypt, Kuwait, Lebanon, Libya, Saudi Arabia.

SUNDAY: Bahrain, Ecuador, Egypt, India, Iraq, Israel, Jordan, Kuwait, Lebanon, North Yernen, Pakistan, Saudi Arabia, Singapore, Sri Lanka, Turkey, Venezuela. Source: Morgan Guaranty Trust Co., Renters.

### Correction

Due to the omission of a paragraph in the Saturday-Sunday Herald Tribune, an article on the work of Nicolas Poussin inaccurately left the impression that the Kimbell Art Museum acquired one of the two sections of Poussin's "Venus and Adonis in a landscape near Grottaferrata." The two halves, respectively, belong to the Musée Fabre in Montpellier and Everett B. Birch of New York, Reproduced in the Saturday-Sunday issue is another early Poussin, also titled "Venus and Adonis," accquired by the Kimbell Art Museum in 1985.

Adons, accounted by the relieving to that painting read: It is on the basis of Clovis Whitfield's reconstruction that paintings such as another Venus and Adonis," sold at Christies in July 1984 for £280,800 as part of the Cook collection, can now be recognized as autograph Poussin work. It was previously rejected by Anthony Blunt, who densively attributed it to was previously rejected by Anthony Bunn, who densives the Master of the Clumsy Children."

Mr. Whitfield runs the Walpole Gallery in London.

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oposium in Nicaragua The hardening on both sides heaten a yearlong effort, to end pines to confin in Niturania. The Rose rece states also likely to suffer rece area

In Peru, Sh

By Alan Riding

See York Time: Ser. 15 LDMA - Long dismissed as an lor ment band of violent families le Stang Path guerrains of Peru also be spead out from their Andean Av ge finning mpan beingen jouen with

The movement's terroriem, comand region where the large with the years ago, and its influence is the being felt in major universities, they misons and leftist political Een more significant. Shiring has appears to be weakening Pents new democracy and to be maning racial and class tensions. The are observed to be a serious and class tensions.

by any objective creature. Ships any objective creature. Ships and the more active ever a larger and than ever before. 2 Western bonat said. The worst ching is but in a manches that the worst. woman said. The worst training to but in a war that has already taken from lives. Peruvians are growing and to its.

The movement still probabily has been than 5,000 combatants and is death a long way from seizing

Political debate is 1972 dominated to the state of the st of by the question of how to deal and shining Path while the governand is on the defensive about icelland and torture that have been appared to the same increase

then the forest capture of a top is healded as a summing block at the organization has some of China

is siens a blattoum jet extressing as a blattoum jet extressing as barn in nice pie court extressing people and people as entire as a series of sure and as a series of sure and as a series of sure and as a series of sure as a Although discontent in the country is being fed by explaining fecession, military offensives against the employing of Avanuating in the south-

on province of Ayacucho, have re-Cer Collapses on Airliner

FRANKFURT — A POTTIFICATE SAIDER Skidded partly off the ranading sears collapsed, across ofleads said. None of the 125 perlous aboard was intured. The Associated Press

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Varies

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dustry officials.

Spanish and Italian air traffic

Greek isles from Britain.

lays could be expected on Monday.

A British Airways spokesman Heathrow Airport left within fifteen minutes of standard departure time on Friday and Saturday, with

ciation in Geneva.

France's central position.

by industry deregulation and high-At Gatwick Airport near Lon- er disposal incomes among condon, more than 1,000 passengers sumers. But it also reflects strains were stranded overnight late last on air traffic control systems at week because of flight delays popular destinations, like Greece caused by the strike in Greece, and the coast of Spain.

Mr. Hussein also reiterated Iraq's adherence to UN Security borders, a prisoner exchange, a nonaggression pact, respect for

### 2 Air Control Unions **Cancel Strike in France**

By Warren Getler

French radio reported Sunday that the CFDT and SNCTA

Mr. Kyd said that a strike by

ready enacted contingency plans for Monday. London City Airways, which offers four flights a day from the Docklands London City Air-

heavyweight champion, for the jailed nationalist leader's birthday. Mandela Fête Halted in Cape Town

ten commercia de la constante

the Soviet leader, is scheduled to the Supreme Soviet, the nominal to the Crisis. Armenian activists apparent leader to be at work on that day.

There have been mass railies in Voteral.

An length soldier shot and killed a Plantis, rifle on Sunday in a Tel Ann and the acceptant killing of an Arab make the acceptant acritomes in December.

Arabs find to take away his M-16 file the secretary of the acceptant acritomes in the acceptant acceptant acritomes in the acceptant and trace was withheld by the Israel poor of the Is

ails Soviet Achievemen and Soviet Achievement states of control of the system states of official Soviet scientist had failed a standard decades of official Soviet policy as a state made of the system standard decades of official Soviet policy as a state product of the system standard decades of official Soviet policy as a standard of the system standard decades of official Soviet policy as a standard of the system standard decades and Roule Z Sagderer, directed as a standard forces, in has only the standard in Sagderer, with a standard standard standard and standard st Seconditions were what he described and transferred to second second at home of second second second Manager to but constrain spure international copies

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fewer than 5,000 combatants and is clearly a long way from seizing

ment is on the defensive about killings and torture that have been attributed to the armed forces.

Even the recent capture of a top rebel leader, Osman Morote, at first heralded as a sturning blow to the organization, has enabled Shining Path to use his court appearances as a platform for expressing

Although discontent in the country is being fed by economic recession, military offensives against the guerrillas, particularly in the southem province of Ayacucho, have re-

Gear Collapses on Airliner

The Associated Press FRANKFURT -- A Portuguese airliner skidded partly off the runway here Saturday after one of its landing gears collapsed, airport of-ficials said. None of the 125 persons aboard was injured.



LATER, NO DOUBT, HELL RETURN THIS PRESENT - John Matar spent much of his 46th birthday removing plastic "peanats" from his home in Chicago. The packing material, two truckloads of it, was a gag gift sprung upon Mr. Matar by his brother, Sam. The two have been exchanging outrageous birthday presents, each trying to outdo the other, for the last 12 years.

### **AMERICAN TOPICS**

**Putting More Style** In L.A. Architecture

After decades of an anything-goes attitude, Los Angeles is beginning to get fussy about its architecture, Scott Harris reports in the Los Angeles Times. After an "awkward, protracted adolescence," he writes, Los Angeles "seems to be shedding its trendy tendencies, groping for a more permanent, more classic sense of style. Simply put, the city is growing up.

Until recently, the Los Angeles skyline "mostly meant bill-boards, bright gas station signs, the occasional doughnut shop crowned by a giant doughnut. This was a place, some critics suggested, best viewed at 65

John Pittas, an architectural consultant on design competi-tions for the West Hollywood Civic Center and Pershing Square renewal, says that for decades, "Los Angeles was the capital of ephemera. Everything was like a movie set."

Mr. Harris writes that "while New York erected towers of granite, we mass-produced drive-through hamburger joints dressed in gandy plastic. Visi-tors would eat our hamburgers and shake hands with Mickey Mouse and take home slurs about a 'plastic' place and 'plastic people."

Today, says the city council-man Michael Woo, a city planner by training, "people are just less tolerant of bad design."

The city now boasts such new landmarks as the red sandstone Museum of Contemporary Art, designed by the renowned Arata Isozaki of Japan, and the 73-story Library Tower, still under construction. The archi-tects, LM. Pei Partners, promise that it will give people "some-thing to ooh and ahh about."

Short Takes

More and more grown children are living at home, the U.S. Census Bureau reports — more than half of women aged 20-24, and one of every six men aged 25-29. Sociologists say they cannot fully explain this, but say the reasons may include the

trend toward marrying later in life, an increase in the price of housing relative to income and a backfiring of the permissive child-rearing styles of the 1950s and 1960s.

The generations-old com-

plaint that colleges exploit faeir student athletes has prompted several members of Congress to sponsor bills requiring institutions that receive federal funds, and that means most of them, to report the graduation rate of students with athletic scholarships. The only penalty would be public embarrassment for institutions with a low rate. One of the sponsors is Senator Bill Bradley, Democrat of New Jer-sey, who was a Rhodes scholar in between playing basketball for Princeton University and the professional New York Knickerbockers.

Notes About People

Attorney General Edwin Meese 3d says he will join the conservative Heritage Foundation and the Hoover Institution of Stanford University when he leaves the Justice Department in late July or early August. Mr. gation by a special prosecutor over allegations of using his influence to help his friends. No criminal charges resulted. He said he was looking forward "to a more reflective period, without the white heat and daily pressures that come with highlevel responsibilities at the White House or a cabinet agen-

Meese had been under investi-

Representative Andrew Jacobs Jr. of Indiana writes tart replies to hostile letters in the style of the late Senator Stephen ML Young of Ohio, who would often reply to unfriendly letters with "Some idiot is writing to me and signing your name." In-deed, Mr. Jacobs used to send copies of his own letters to Mr. Young for critical appraisal. When a letter writer informed Mr. Jacobs that he was "an incompetent jerk." Mr. Jacobs replied, 'Dear Sir: Thank you for the kind compliment. Naturally, I should dread being compe-tent at being a jerk. P.S. Just in case you did not intend to compliment me, you, Sir, are an incompetent name caller."

Arthur Highee

### Contra Military Likely to Expand Role

By James LeMoyne New York Times Service

MIAMI — The top Nicaraguan rebel military commanders appear poised for the first time to take a direct and perhaps dominant role in the nebel political leadership.

Thingue Bermidez, the chief military and not think the political leadership.

Thingue Bermidez, the chief military and not think the should return to negotiate ward Nicaragna after the expulsion of the U.S. ambassador a week ago known as contras, has said in an the Sandinistas "are openly re and a crackdown on opposition interview that he expected to be pressing the opposition in Nicara-parties and news groups in Nicarasected as a rebel political director gua." this weekend at a meeting of the contras in the Dominican Repub-

The growing clout of politically conservative rebel military cominsuders appears likely to reduce the contras willingness to negotiwith the Nicaragnan government at a time when the Sandinista leadership is trying to restrain the

demands for renewed U.S. military aid, according to contras and to A man of markedly conservative

the Sandinistas are openly repressing the people. They are totalitarians, and they want total power."

Mr. Bermidez said he knew that the U.S. Congress did not favor giving new military aid to the con-

reprisal for a guerrilla attack on an

army convoy a day earlier in which four soldiers were killed.

Yet although Shining Path is a

The last round of talks broke cials, Mr. Bermidez is almost cerdown amid mutual recriminations in Managna in June.

"I'm not saying we won't ever The debate over the rebels' fu-talk," Mr. Bermidez said in the interview late last week. "But now Congress and the administration is not the time to negotiate when over whether the United States has any right to support a war against Nicaragua and on what such a war

Few military specialists say they believe the rebels can defeat the opposition in Nicaragua.

The hardening on both sides threatens a yearlong effort to end the conflict in Nicaragua. The growing influence of rebel military keaders is also likely to stiffen rebel to the conflict in the rebels needed military supplies, and he called on Congress to lasting political concessions, a view that is also contested.

Sandinistas, but several administration officials argue that only the credible threat of military pressure can make the Sandinistas negotiate lasting political concessions, a view that is also contested.

According to rebel and U.S. offi-Sandinistas, but several adminis-

tain to be successful in his effort to there will be no, underline, no, terbe elected as a member of the new rebel political directorate. If elected, Mr. Bermidez would

become the most powerful figure in the rebel opposition, since he will be both a political director and the commander of the rebel army. He will find further support from Aristides Sánchez, who is also likely to be elected to the new directorate The debate over the rebels' fu- and who is a close ally of Mr. Ber-Six rebel military commanders

said in interviews in Miami en route to the meeting in the Dominican Republic that they no longer trusted civilian leaders to represent them. They said they want both Mr. Bermudez and Mr. Sanchez on the directorate.

"It is time to integrate a political-military command," said Juan Ramón Rivas, a veteran rebel commander. "We want a more representative voice on the direc-

# In Peru, Shining Path Is Spreading Out

'By any objective measure, Shining Path

before. The worst thing is that, in a war

that has already taken 14,000 lives,

is more active over a larger area than ever

By Alan Riding New York Times Service

LIMA — Long dismissed as an isolated band of violent fanatics, Witnesses say the Shining Path guerrillas of Peru have spread out from their Andean Mountain haven and are emerging as a growing urban political force.

The movement's terrorial force. eight years ago, and its influence is also being felt in major universities, labor unions and leftist political

Even more significant, Shining Path appears to be weakening Po-ru's new democracy and to be worsening racial and class tensions. "By any objective measure, Shining Path is more active over a larger area than ever before," a Western diplomat said. "The worst thing is that, in a war that has already taken 14,000 lives, Peruvians are growing

used to its violence." The movement still probably has

cultural change resulting from the mass migration of Indians from Andean towns to Lima and other Political debate is now dominated by the question of how to deal with Shining Path while the govern-1950s in response to the deepening poverty of the rural population, but

was accelerated in the 1980s by guerrilla violence and military ex-The balance of power is changing, with a small white ruling clite

increasingly challenged by a huge majority of dark-skinned Peruvians, whom Shining Path maintains it represents. "Shining Path is both cause and effect," said General Edgardo Mer-cado Jarrin, a former prime minis-

violence.

A Western diplomat

major factor in aggravating the cri-

This trend began as early as the

sis, the movement is also now being seen as a symptom of the social and

ter. "It is the cause of the explosion of violence, but it is also the result of oppressed national identity, of racial hatted and servitude." Certainly, the rapid expansion of Shining Path after its armed actions began in 1980 reflected the

failure of the Peruvian authorities

to recognize that it was more than merely a terrorist group.

Pernyians are growing used to its dent Gonzalo, and he is revered by his followers. His proverbs and maxims now cover walls across the

Although driven by theories, however, Shining Path made its im-pact through violence. It has terror-

When the conservative govern- wage disputes and strikes.

sulted in repeated massacres of innocent Indians and few setbacks
for the rehels.

Founded by Abimael Guzman, a

Marxist philosophy professor who
built a following at the University

ty threat in 1983, its reaction was Witnesses say soldiers killed of Huamanga in Ayacucho City in predictably militaristic. A succession of villagers at Cayara in the 1970s, the movement worked sion of killings of suspected peasayacucho on May 14, reportedly in for several years in Indian villages and collaborators soon alienated predictably militaristic. A succesbefore starting its Maoist-style much of the local population. By campaign "to strangle" the cities. 1984, Shining Path was extending A short man in his early 50s, Mr. its influence beyond the mountains Guzman assumed the title of Presiof Ayacucho.

Heading a new Social Democratic government in July 1985, President Alan Garcia Pérez promised a different approach. Mr. García recognized the social roots of the conflict and pledged new investment in the Andean regions as well as end to human rights abuses.

But, three years later, Mr. Garcia's policy is now viewed as a failure. After he ordered investigations into several killings carried out by army troops, the armed forces angrily suspended many of their patrols, enabling rebels to return to areas from which they had with-

Shining Path has now turned its attention to Lima. It is seeking to make its presence felt, above all in the University of San Marcos, which is attended mainly by poor ized peasants into supporting its students, and in several labor unions involved in long-running

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### U.S. Aid to **Democracy** For Asians

By Don Oberdorfer

Washington Past Service
SEOUL — Secretary of State George P. Shultz, citing recent democratic successes in South Korea and the Philippines, has pledged that the United States "will remain engaged with democratically oriented political forces" in an effort to promote peaceful change in this part of the world.

Mr. Shultz, in a speech prepared for delivery Monday to the Korean Newspaper Editors Association, described U.S. influence of the sort exerted in Manila in early 1986 and in South Korea in June as "a precious resource" that would be employed by Washington for constructive ends.

He said the democratic revolutions that toppled Ferdinand E. Marcos from the presidency in the Philippines and that created a pop-ular presidential system in South Korea had demonstrated "success in maintaining the delicate balance between domestic pressures for reform and friendly assistance from

He also promised South Korea and other Asian democracies steadfast U.S. support when they are threatened by "hostile external

U.S. troops, he said, "will remain in Korea as long as the people and governments of both the United States and the Republic of Korea deem them necessary to ensure

Addressing North Korea direct-ly, he said, "We urge the North Korean leaders to rethink the severe restrictions they impose on the

lives of their citizens. The secretary of state was scheduled to meet on Monday with President Roh Tae Woo, who recently announced a more conciliatory policy toward North Korea.

He called Mr. Roh's proposals "a constructive and sincere effort to breathe new life into the process of the North-South dialogue." On Saturday, Mr. Shultz said the United States had been told in

strong terms by the Soviet Union and China that North Korea would not commit terrorist acts at the Summer Olympics, which will begin in Seoul in two months. He quoted the Soviet foreign minister, Eduard A. Shevardnadze, as saying in a White House meeting in March, "We know the North Koreans well and I can assure you

rorist attacks aimed at the Olym-He said Chinese officials had "made similar comments."

### Shultz Vows U.S. Is to Resume Processing Of Visas for Soviet Refugees

MOSCOW - The U.S. Embassy has announced that it will resume processing the applications of thousands of Soviets who were promised refugee status in the United States but were left strand-ed because of a lack of State Department funds.

The embassy also announced that it would ask prospective refugees, their relatives in the United States and private organizations to help pay the refugees' way to the United States.

The U.S. government had been helping finance their travel to and

#### **Opposition Chief** In Mexico Urges 'Mobilization'

MEXICO CITY - Cuauhtémoc Cardenas began a "national mobilization" against the Mexican government on Sunday with a raily of more than 200,000 people in the capital's historic central plaza. The leftist opposition leader denounced what he said was electoral fraud that denied him victory in the July 6 presidential election.

"In the electoral field, the gov-ernment, its party and everything they represent — corruption, anti-democracy, delivery of the nation to foreigners, violence and assassination - have been defeated," Mr.

Rejecting official election results that showed him finishing second to the ruling party candidate, Carlos Salinas de Gortari, Mr. Cárdenas called on President Miguel de la Madrid and top electoral officials to "respect the popular will."
He said his nonviolent national

mobilization would "grow and in-tensify" in the days ahead-According to final results issued Wednesday night by the Federal Electoral Commission, which is dominated by the ruling Institu-

tional Revolutionary Party, Mr. Salinas won the election with 50.4 percent of the vote -a record low for the ruling party. The commis-sion's figures gave Mr. Cardenas 31.1 percent.

#### Talks on Taba to Resume

TEL AVIV - The United States will initiate a new round of negotiations between Israel and Egypt in their dispute over the Taba Red Sea

Washington in about 10 days.

The statement, which was made is impeding emigration." Saturday and which did not say what the refugees would now be refugees came to Moscow since asked to pay, said processing would July 1 expecting to be allowed to resume Monday.

U.S. diplomats in Moscow say the applications of about 3,400 people who were granted refugee status have been on hold since July 1, when the State Department de-cided to delay processing until Oct. 1, the start of the new U.S. fiscal

The department cited an increase in refugees and a shortage of

Last month, the U.S. Embassy gave permission to a record 2,063 Soviets to emigrate to the United States. It expects to issue a total of 9,500 visas for Soviet emigration to the United States in the 12 months ending Sept. 30, 1988. The delay left hundreds of pro-

pective emigrants stranded in Moscow after they had sold their homes, quit their jobs and traveled to the capital expecting to be allowed to leave. The announcement followed

sharp criticism in Washington of the State Department decision July I to stop issuing visas.

On Friday, 23 senators sent a letter of protest to President Ron-

ald Reagan, saying that the decision sent "a terrible signal to those seeking freedom all over the world, and could give the Soviets the opportunity to claim that it is Ameri-

resettlement in the United States. ca and not the Soviet Union which

An estimated 400 prospective leave, according to the U.S. Embas-

For would-be emigrants whose exit visas expire before Oct. 1, the U.S. government will solicit funds to alleviate the cost of their trips, resettlement and medical care from the families themselves, from their relatives in the United States and from private sources, the statement

The statement did not say how much the State Department would

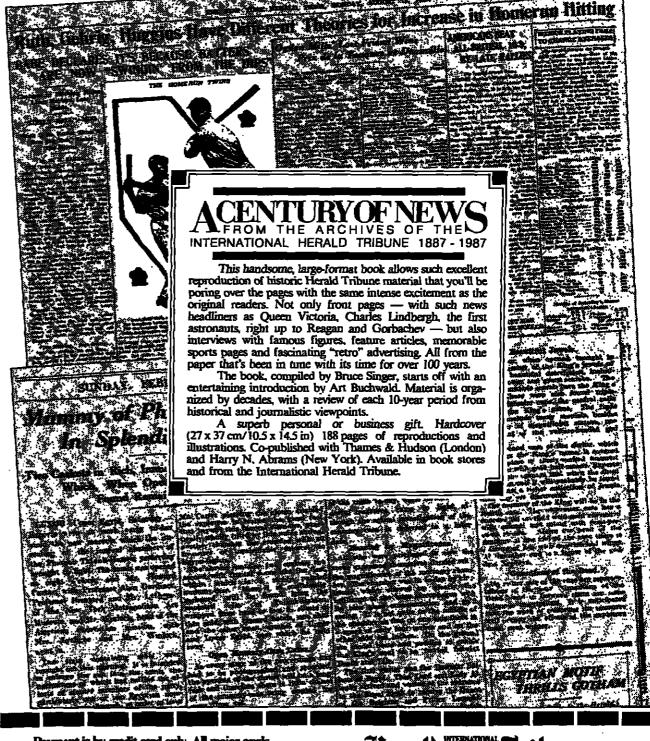
Soviet citizens whose exit visas will be valid after Oct. I will be asked to wait at home and not leave for Moscow until they are sum-moned by U.S. diplomats, the statement said. A U.S. Embassy official said he

told a group of 50 to 100 Armenians gathered near the embassy about the new plan. The official said that "by and large they were

Many Armenians had earlier voiced bitter disappointment at the

The delay, which affected any Soviet applying to the embassy for refugee status, hit Armenians hardest of all. Of the Soviets given permission to go to the United States in the year ending Sept. 30, 1987,





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### The Answers Are Urgent

alleging that this tragedy was "premeditated" and demanding that the United States above deepening its revolution. Everyone be condemned for it. Nobody supported this nonsense. The American spokesman, Vice President George Bush, then laid out the U.S. policy of compassion for the victims, readiness to compensate their families, openness to inquiry and movement toward settling the Iran-Iraq war, which is the larger cause of this disaster. Bowing to his country's isolation, the Iranian deledemands regarding the airliner and sug-gesting that Iran would take the debate as dor and was not diving threateningly toa test of the Security Council's capacity to act impartially in ending the war.

With Iran, fingers must always be how the error was made that led the Vincrossed. Even before the July 3 shooting, cennes to shoot down the plane — and of however, a debate over basic policy was in progress in politically volatile Tehran. Some in the leadership, viewing the battle losses, the deteriorating economy and the loss of international standing that a hardline policy had produced, were weighing a

more accommodating approach.

The downing of the airliner could have

downed Iranian airliner is moving along to have nudged it along with the initial constructively. Iran's delegate charged in, advantage visibly accruing to those who put above deepening its revolution. Everyone will be watching to see whether this tendency is confirmed as the Security Council continues its deliberations on the airliner tragedy and seeks to advance its longstalled effort to win Iranian cooperation in negotiating a settlement in the war.

But one thing at a time: Iran provided at the United Nations a tape transcript indicating that Iran Air Flight 655, a scheduled gate at once began scaling back Iran's flight on a routine run across the Gulf, was ward the Vincennes as the Pentagon has asserted. The tape sharpens the question of how responsibility should be allotted between the performance of the electronic gear on the ship and the decisions its skipper took on the basis of the information he received. The U.S. Navy is investigating, and now so is the International Civil Aviation Organization. The answers are urgent.

-THE WASHINGTON POST.

### **Democrats in Unison?**

in Chicago, the Democratic Party has been beside itself, split between liberals and con-servatives. Michael Dukakis, and a thirst for victory, seemed to reunify the party, and he furthered the cause last week by choosing Lloyd Bentsen to run with him. Briefly, it appeared that when the Democrats convened in Atlanta they would be more eager to fight Republicans than each other.

But at almost the same moment Governor Dukakis seemed to have pushed Humpty off the left side of the wall. For weeks everyone had wondered how he would deal with Jesse Jackson and his strong coalition. If not the number two slot, what would he give Mr. Jackson? The answer, at least ini-

tially, was nothing, not even respect.

How ably Mr. Dukakis now placates the infuriated Jackson forces will determine whether the Democrats do celebrate unaccustomed unity. That would leave them to ponder the carefully calculated choice of Lloyd Bentsen, Mr. Dukakis is at pains to liken it to John Kennedy's choice of Lyndon Johnson in 1960. A more recent parallel may be even more apt. Name another Washington outsider, also the Democratic governor of an Atlantic state with six mil-lion people, who chose as his running mate a Washington insider who was both a senator and a former presidential candidate.

When Jimmy Carter picked Walter Mondale in 1976, the ideological balancing worked in the other direction. Mr. Carter was seen as more conservative, Mr. Mondale as more liberal. But the balancing worked, A unified party won. Now Mr. Dukakis is seen as more liberal, Mr. Bentsen as more conservarive. The balance might work.

Except for the Carter-Mondale ticket, divisions in the party have prompted repeated

Ever since the fires of '68 blazed into riot defections. Starting in 1968, younger, better educated, anti-war Democrats began playing a decisive role in the party. Traditional Dea ocrats, more likely to be blue-collar, male and Southern, looked elsewhere. First they found George Wallace, and the result was Richard Nixon's narrow 1968 victory. In 1972 one Democrat in three defected from George McGovern to re-elect Mr. Nixon. In 1980, it can be argued, the Carter-Mondale ticket no longer seemed so balanced between right and left, with Mr. Carter being seen as much more liberal. And in 1984 Mr. Mondale, trailing badly, gambled on a female running mate, a gamble that did nothing to reclaim conservative Democrats.

The choice of Senator Bentsen is plausibly likely to do so, boosting Democratic chances in Texas and reassuring the corporate and fiscal world. And he is a Southern (and Western) white male, which may appeal to many disaffected Democrats across the Sunbelt. In 1984, among all voters, President Reagan won by an 18-point margin, 59 to 41. Among Southern white men his margin was 33 points; one of every four white male thern Democrats defected.

All this strategizing to reclaim the Democratic right may be shrewd, but it leaves wide open the whole question of substance. What if, with the votes of disaffected Democrats, Governor Dukakis should win: What would he have won a mandate for?

Surely there are strong differences be-tween him and Vice President George Bush. But so far Mr. Dukakis has talked mostly about pieties like good jobs at good wages, and the Democratic platform offers mainly painstaking platitudes. In 1984 Walter Mondale asked. Where's the beef? The question endures as the Democrats gather in Atlanta. — THE NEW YORK TIMES.

### **Helping Latin Democracy**

ezo of Guatemala survived a coup attempt, solidifying his support among the military high command. Mr. Cerezo, well into his third year in office, is within sight of a key goal: to be the first democratically elected civilian to complete a presidential term since the U.S.-sponsored coup in 1954. That may seem a modest goal. But reaching it would be an achievement.

Like El Salvador, Honduras, Suriname, Brazil, Uruguay and Argentina, Guatemala is only part way to democratic governance. All have civilian leaders, but their armies retain veto power over important questions. Independent institutions remain underdeveloped; disgranted groups still bring political wish lists to the barracks door. Washington, in its search for policies capable of fostering these tender democratic shoots, would do well to heed the Guatemalan experience.

Beyond simple survival, Mr. Cerezo has some significant accomplishments to his credit. He has improved Guatemala's abysmal image abroad. He has bravely pressed for fairer taxation and labor union rights in a society scarred by extremes of privilege. At the same time, he has not sought to hold the military accountable for decades of human rights abuse, including the uprooting of Guatemala's Indian population and tens of thousands of deaths. Nor has be attempted significant land redistribution,

Two months ago, President Vinicio Cereven though this seems essential to ending the cycle of unrest and repression. And he has neglected his duty under the Arias peace plan to open a dialogue with leftist guerrillas. These omissions reflect neither reticence nor cowardice. Arguments can be made over particulars, but Mr. Cerezo's overall performance reflects a realistic recognition that his power, like that of other Latin civil leaders, remains limited.

Continued democratic evolution in much of Latin America depends chiefly on two factors: subordination of the military to civilian control, and the evolution of a civilian consensus that political and economic disputes must be resolved within a strictly democratic framework. Washington can help on both counts. The United States provides equipment and training, giving it leverage with many Latin military estab-lishments; it can be used to tilt in favor of civilian anthority and control. Further, most Latin governments are deeply indebted to U.S. banks. Debt relief is already linked to economic reforms. Further consideration could usefully be given to re-

warding political progress as well. The Reagan administration likes to boast about Latin America's newly "democratic" states. The harder task is to help the best among the new generation of Latin leaders to consolidate their still-fragile gains.

- THE NEW YORK TIMES.

### **Other Comment**

#### Reasons to Release Mandela

Nelson Mandela is 70 years old [on July 18]. Convicted of sabotage in 1964 when he was already in jail on lesser charges, he has now spent more than 25 years in prison, and appeals for his release from many world leaders have been ignored. It is very difficult to understand what the South African government believes it is accomplishing by keeping him in prison. Mr. Mandela has become an icon, infinitely more powerful while silent than he would have been if he had spent the past 25 years at liberty.

This leaves aside, of course, the moral

argument. But experience has taught that there is little point in throwing morality against the battlements of Afrikanerdom. The South African government has few friends, and may have even fewer if the American election brings Michael Dukakis to power. If it wants to maintain any worth-while links with the outside world, it will have to show more convincing evidence of reform. The release of Nelson Mandela would be a powerful symbolic gesture which might be all that stands between South Africa and a mandatory economic sanctions resolution at the United Nations. — The Observer (Landon).

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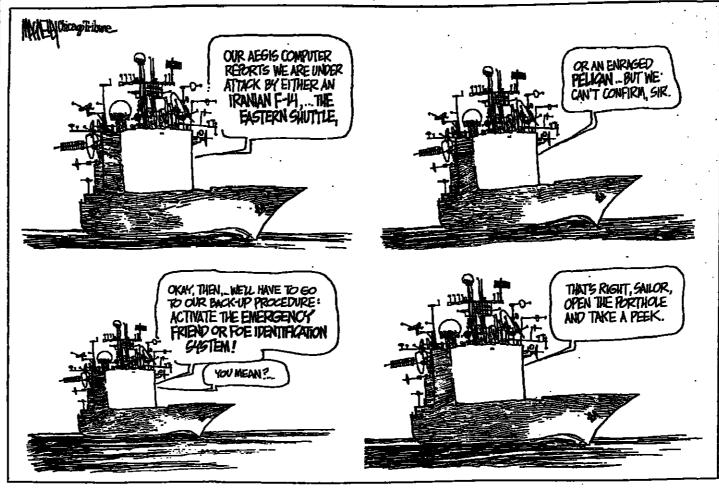
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### **OPINION**



### The Socialist Model Is Proving Hard to Reform the first three months of 1988. As a

BOSTON — During a visit to the Soviet Union and China in May and June, we were struck by the wide-spread disillusionment with economic forms. The bitterness is similar but the reasons for it are very different.

In the Soviet Union there is dismay that political changes have been ac-companied by almost no tangible economic improvements. If anything, there has been deterioration, at least in living standards. In China there has been almost too much improvement. The combination of rapid growth and price reform has fueled inflation, which has had a particularly adverse effect on intellectuals and bureaucrats

and some factory workers.

With industrial output growing at the astounding rate of 17 percent a year, we expected to find the Chinese pleased with the changes of the nine years since the reforms began. Indeed, villagers and private and

N EW YORK — During his re-cent visit to the former concen-tration camp at Mauthausen, John Paul II addressed the victims of the

infamous death camp: "Speak, for

you have the right to do so, you who

have suffered and lost your lives, and

we shall listen to your testimony." As survivors of Mauthausen, Ausch-

In 1944 our brother Moshe, aged

30, a master tanner and a gifted

Austrian guards. That summer a no

torious murderer, Adolf Eichmann,

ordered the liquidation of the rem-nants of the Jewish community of

that lasted four days, 3,000 men,

women and children were packed

into cattle cars provided by Eichmann. On arrival in Auschwitz on Aug. 6, most of the people were led into gas chambers and their bodies

were later pushed into fiery furnaces.

ble death on that day were many members of our family, all selected by Dr. Josef Mengele, the "Angel of Death." They included our mother,

Sarah, 50; our 11-year-old sister Bella, and Helen Frenkel, a close

relative. (The image of them walk-

ing hand-in-hand to trucks that

took them to the gas chamber haunts us to this day.) We survived

-to be tortured later. This, then, is

Our family was among the six million killed because they were Jews. Yet at Mauthausen and Ausch-

witz, at Treblinka and Sobibor, at

Maidanek and Babi Yar, they are memorialized and referred to as Poles

WASHINGTON — Tall and thin, with hair silver-gray like

the pating of old family flatware,

and benefiting from the best tailor

in American politics, Lloyd Bentsen

looks more than ever like a pewter statue of Bourgeois Virtue. But to George Bush, Mr. Bentsen looks like

a problem he counted on not having.

Mr. Bush's campaign has at most a one-track mind. Its idea has been to

portray Michael Dukakis as a high-tax, anti-defense, criminal-coddling liberal. Now he has wrapped himself

in the gray worsted of Mr. Bentsen's

business conservatism. Anyway, the Bush plan was not working. In the two

months he has spent pointing at Mr.

Dukakis and exclaiming "Eeeeek! A liberal!" the percentage of Americans identifying Mr. Dukakis as a liberal

For the fifth time since 1932, a

Texan will be on the Democratic tick-

et. Counting Mr. Bush's three times. Texans will have been on eight national tickets in the last 15 elections. In

1984. Walter Mondale reportedly had polls showing that Mr. Bentsen would not help much with the Herculean task

of carrying Texas against Ronald Rea-gan. However, that indicated less

about Mr. Bentsen than about how

If the Democrats' bilingual ticket (both men are fluent in Spanish; it remains to be seen if one of the Repub-

licans will be fluent in English) carries

Texas, it may also carry two other hard-

hit states in the oil patch - Oklahoma

beyond help Mr. Mondale was.

has risen from 27 to 28.

our personal testimony.

Among those to meet this horri-

Radom, Poland, our birthplace. Following a forced death march

witz and Dachau, we respond.

By Merle Goldman and Marshall I. Goldman

cooperative businessmen were doing fice buildings, hotels and apartments. very well. Even our city friends acknowledged that their homes were now filled with conveniences such as washing machines, refrigerators and television sets that almost none of them had before 1978. But now they find that because of rising prices, as much as 80 to 90 percent of their income must be spent on food.

Because development is so rapid, more bottlenecks are likely to appear, pushing prices up even faster than the current 20 percent inflation rate. Construction cranes are every-

Holocaust: A Response to the Pope

and Austrians, as Russians and Hun-

garians, as Germans and Ukrainians.

Your Holiness, hours after cor-

dially greeting President Kurt Wald-heim and giving him holy commu-nion, you could not find it in your

heart to mention the Jews as the principal victims of Mr. Waldheim's

generation. Why? By failing to do so,

you seem to have embraced the long-

established policy in Eastern Europe of robbing the Jewish victims of the

At Mauthausen, Your Holiness

asked a rhetorical question: "Do we

not delete from our memories and

from our consciousness the traces of

past misdeeds?" The answer is obvi-ous. Mr. Waldheim is a prime exam-

ple of deleting "past misdeeds" from memory. So is the Austrian nation,

which clings to the myth of being "the first victim" of Nazi Germany.

Doesn't your silence on the Jewish victims help to delete the memory of our brother Moshe, one of the 60,000

Your Holiness, during your visit

you stated, "It would be unjust and not truthful to charge Christianity with these unspeakable crimes." But

weren't the perpetrators and their helpers faithful Christians? What

about the Arrow Cross, the rabidly

anti-Semitic Nazi units in Hungary, or the Romanian Iron Guard killers,

the murderous Croatian Ustashis,

the Ukrainian and Latvian SS units

that functioned as Jewish execution-

ers? They were all Christians, but

**American Voters Are Feeling Serious** 

By George F. Will

electoral votes, the same as California

Whether or not Mr. Bentsen brings Texas to Mr. Dukakis, he will force

Mr. Bush to expend on Texas precious

resources of time and money that he

will need to climb out of the hole he is in in California, which suddenly seems as crucial to Mr. Bush as it has seemed

all along to Mr. Dukakis. The choice of Mr. Bentsen may turn Mr. Bush toward California's Governor George

Conservatives pretending to be scandalized by the ideological differ-ences between Mr. Dukakis and Mr.

Bentsen should be required to write on the blackboard 100 times "Reagan-Schweiker." (You don't remember?

Mr. Reagan named Pennsylvania's liberal senator, Richard Schweiker, as

his running mate on the eve of the

1976 convention in an attempt to de-

rail the nomination of Gerald Ford.)

Besides, those differences signify

that Mr. Dukakis has seen the cliff he

does not want to walk off. In 1968

(Humphrey-Muskie), 1972 (McGov-

em-Eagleton, then McGovern-Shri-

ver) and 1984 (Mondale-Ferraro), the

Democrats nominated political purce:

perfectly homogenized tickets, liberal

top and bottom. Those tickets got 43, 38 and 41 percent, respectively.

Because Mr. Bentsen is 67, liberals can console themselves with the

thought that he is unlikely to become

a presidential candidate. But liberals

and Louisiana. The three states have 47 who worry about him are accepting a

Denkmejian, or to Peter Ueberroth

Jews murdered in Mauthausen?

Holocaust of their Jewisl

where, in towns as well as cities. Unlike the Soviet Union, where construction seems to drag on for years, the pace in China is frenetic. What were traditional hutongs, or alleys, but two years ago are likely to have been transformed into multi-story of-

By Alfred Lipson and Samuel Lipson

Our favorite private department store on Goldfish Lane in Beijing has disappeared, along with the lane itself. In its place are two modernistic 20-story hotels separated by what will be a spacious boulevard. Private and cooperative restaurants, shops. vendors and repairmen have cropped

up on virtually every street corner.

The stock of six companies and the bonds of many other companies and state and city governments are traded on the Shanghai Stock Exchange.

The contrast with Moscow could not have been sharper. There the lines for food were as long as ever. Because of sabotage, poor storage and bad distribution, sales of potatoes and vegetables actually fell in 1987 compared to 1986, and sales of fruit dropped almost 25 percent in

and wartime president of Slovakia

How can one dismiss the guilt of

those particularly brutal units, often dominated by church leaders? Simi-

larly, how should one characterize the Catholics of Austria who contributed more than their share to the Nazi

hierarchy and the SS killing units?

After Germany's collapse, many war criminals and murderers of the

Jewish people were aided in their

flight from justice and punishment

by the Vatican and groups associated with it. In South America some

church leaders. They prospered in

Christian communities sympathetic

Your Holiness, you ask us, the victims, "Tell us which direction Eu-rope and manking should take 'after

ed. Furthermore, your refusal to re-cognize the only Jewish state --- born

from the ashes of the Holocaust -

sends an ominous signal to those

A firm and unambiguous stand on your part, Your Holiness, would go

a long way toward ending anti-Semi-tism as the scourge of humanity and

toward peace in the Middle East.

caricature of him, and may themselves

subscribe to a kind of caricature -

should have their ears full of grasshop-

pers, a result of keeping their ears close to the ground. It will be said that the

only ground Mr. Bentsen's ears have

been near is too well manicured to admit grasshoppers—a putting green at the Greenbrier or wherever else the

its confabulations. Do not believe it.

diversities. Two of its three largest

cities have female mayors — Kathy Whitmire in Houston and Annette

Strauss, who is Jewish in Dallas, San

Antonio has a Hispanic, Henry Cisne-

ros. Mr. Bentsen has carried this com-

plex state three times, winning 53, 57 and 59 percent of the vote — rather

more than can be found in boardrooms.

large assist from rural Baptists, mostly

Democrats who turned out to vote in

a referendum on selling liquor by the

drink. In his next two races, Mr.

Benisen won 60 percent of the rural

through political circles in the after-

math of the selection of Mr. Bentsen

is the solid smack of seriousness. If it

provokes Jesse Jackson to disruptive megalomania in Atlanta, that may

serve Mr. Dukakis by underscoring his determination to do what is neces-

sary. Voters like that. They are look-

Washington Post Writers Group.

ing for seriousness.

The sound which is echoing

vote. Mr. Mondale got 34 percent.

In 1970 he beat Mr. Bush with a

siness Roundtable goes to earth for

Texas is a tossed salad of American

It has been said that politicians

liberalism of the early-1970s sort.

bent on Israel's destruction.

had never been restrained in their "work" by church officials.

There comes to the mind the Hlinka Guard, the Catholic anti-Semitic groups under lozef Tiso, a priest this comment to The New York Times.

too Nazis found protection amor

to their anti-Semitic ideology.

result of the anti-alcohol campaign, moonshiners have grabbed sugar from the shelves. This has led to spear rationing in many areas and long lines for sugar and candy. Bad as things were under Leonid Brezhnev, at least there was sugar. The debate at the party conference

has indicated a quickening of the dis-cussion on political reform, but there was little to indicate a quickening of the pace of economic reform. The reformers we spoke to envy China its growth and bemoan the lack of results in their own country.

They notice in particular the tradi-

tional Soviet penchant for emphasizing large-scale industry and agricul-ture and downplaying small-scale efforts. It is the small-scale enterprises, especially in the countryside, that have been the source of much of China's growth. They account for one-third of China's industrial output. Nonagricultural output in the countryside, which used to be negligible, now exceeds agricultural output. Because the prices at most of the

new private and cooperative ventures are high, they are out of reach of all but a few Soviet citizens. In China, the cooperative restaurants we visited were filled with Chinese: in Moscow we saw almost no Soviet customers. A Russian cab driver complained: "The owners are the new NEP-men. I will never be able to afford such prices."

The discontent in the Soviet Union

reflects the failure to improve consumer well-being and a concern that prices are beginning to increase. Chinese urban residents share a similar concern about inflation, and one inflation gets out of hand there might be another revolution. Yet as discomforting as Chinese inflation may be, Deng Xiaoping at least can take so-lace in knowing that the economy has improved radically and that price re-

form is already under way.

By contrast, not only has there been little improvement in the Soviet Auschwitz, 'after Mauthausen'?' To begin with, as head of millions of Christians you could, henceforth, standard of living in the last three exert your moral authority to strongyears, but even without price reform ly condemn anti-Semitism and neothe people are beginning to feel the Nazism at every opportunity. Failure to do so would be reminis effects of inflation. Several speakers at the party conference, including Mikhail Gorbachev, acknowledged the urgency of the situation. cent of the silence of Pope Pius XII in the face of the Holocaust, in which much of Christian Europe participat-

If he is to have the support of the people, Mr. Gorbachev must show that perestroika can put more goods on the kitchen table. That is why he emphasized the need to increase the number of family-farm-type operations. But, as a Soviet peasant explained in The Moscow News, because of "the unpleasant memory of collectivization and how many farmstead owners were deported to Siberia," few farmers are taking up the offer. These peasants' memories, along with those of private businessmen, heip explain why there has been so little real economic restructuring. By all standards the Chinese have

gone further faster in restructuring but the fact that even they are encountering widespread disillusionment in-dicates how difficult is the process of economic reform in a society built on the socialist model.

Merle Goldman is professor of Chimene vocumun is projessor of Chi-nese history at Boston University. Mar-shall I. Goldman is professor of econom-ics at Wellesley College and associate director of the Russian Research Center at Harvard. They contributed this comment to The New York Times.

# The World Wis Plan Isn't C Isn't Going To Sit Still By Flora Lewis The Still Still By Flora Lewis The Still Still The Still Still

TLANTA - Short of some star. A thing event, the prospects are that foreign policy will not be a significant issue in the American campaign. Ma-jor governments, the Soviet Union as well as allies, are unusually relaxed as when as afficient a new U.S. administra-tion. Despite Republican emphasis on Michael Dukakis's lack of foreign pol-icy experience, the impression is that main policy lines have been set and will not change drastically whoever wins. It is almost as if a new administration started after the 1986 elections, setting the course for several years. Ronald Reagan switched from Commie-bashing to active search for negotiated agreements with Moscow on a long list of issues; NATO has broad support; and attempts continue to re-lieve rather than inflame regional hot spots. There have already been changes of many top policy makers, achieving a certain consensus likely to commune even with a new set of people.

Nonetheless, the wind-down period

until the next manguration is, as usual stalling normal movement. Decisions are piling up that will have to be made early next year, at risk otherwise of

rope, during Ronald Reagan's remaining months in office. But the critical issues will be more clearly identified, and the new president will need to make up his mind quickly to preserve momentum. Opportunities can be lost if he wants to start from scratch.

short-range nuclear weapons in Enrope, particularly to replace the aging Lance missile (range: 115 kilometers or 71.4 miles), which will be obsolete in three or four years. By mid-1989, West Germany will be gearing up for elec-tions in 1990. Then Bonn is almost sure to back away from an issue that sparks sharp controversy, both within the country and among allies. NATO has formally agreed that there must be real progress on conventional cuts beforeducing short-range arsenals, but Bonn is in a hurry for both.

Washington will need to reach an

early conclusion on its attitude to the United Nations. The Soviets have done an about-face, favoring more direct UN involvement in a number of disputes and the creation of more UN forces. It is not clear yet whether some kind of outside peacekeepers will be needed in Afghanistan. There is some movement in the arguments over Angola and Namibia, and over Cambo-dia, which could soon reach the point for a UN force to make the difference. The Iran-Iraq war has entered a new stage and a chance for settlement may be approaching, with UN help, which would doubtless involve a decision on

With Israeli elections coming in Nocan do about that conflict in the meantime. But then, any chance of progress will require immediate Washington in volvement with a set of policy priorities. Middle East policy is becoming all the more urgent because of the grave threats of escalating weapons sophistication in the area and competition for that huge arms market.

a result of its contested election.

nology transfer, credits and debt, with the East and the Third World as well as among industrialized states, which will not call for any big switch in position but also will not sit still for a cisurely start with the next team.

priority of trying to win, the candidates would do well to get people they are likely to use in a new administration focusing on imminent decisions with-out waiting for the election. It would ease America's relations with partners in the world who never stop calling for continuity and fretting about impre-dictability. It could help American voters, too, to see what kind of people each candidate will sweep into office and how they approach decisions.

The New York Times.

### 100, 75 AND 50 YEARS AGO

### 1888: Anarchist Bombs

NEW YORK — The police of Chicago to-day [July 17] made a raid upon a suspected house, and discovered twelve dynamite bombs. Three were arrested. Police-Inspector Bonfield states that this discovery is connected states that this discovery is connected with a conspiracy of long standing against Judge Gary, Judge Grinnell and himself, which was on the very point of being put into execution for their action in the Anarchist trials The chief prisoner is an Anarchist who took a prominent part in the recent bomb schemes. It is said that twenty determined men were to have destroyed to-night the houses of persons prominent in the prosecutions of

### 1913: U.S. Autos Lead

NEW YORK — Automobile dealers in New York declare unanimously that American machines will contin-

despite any measures which foreign manufacturers may take. Mr. R.H. Johnston, manager of the White Company, said: "As I understand the situation, the European manufactur-ers simply discussed the American invasion and decided that there was nothing they could do to check it I do not think we have much to fear from the divided opposition of the European manufacturers." Mr. S.S. Toback, agent of the Hudson said: "We can send a good automobile across the Ocean, pay the duty on it, and sell it to foreigners for nearly 50 per cent less than the French machines sell for.

- Bloc

By Jackson Diehi

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The communication in the conference of the offer to early next year, at risk otherwise of determining policy by default.

It is milikely that a dramatic break-through will permit signature of a new Soviet-U.S. treaty sharply cutting strategic weapons, or that there can be reducing conventional arms in Encounter during Ronald Reason's remain. Min Hongary white a second supported to a se

One pressing decision will be on new

U.S. presence in the Gulf.

The United States and the Soviet Union agreed at the Moscow summit to talk about the dangers of spreading missile technology. This will have to be started seriously, with other major arms suppliers, including China, in the near future if there is not to be a breakout that could lead Israel to think openly in nuclear terms. Negotiations in Central America have broken down again, not only

among Nicaraguans but in the effort for a regional settlement. If left to fester, hostilities are likely to increase throughout the area. It may be harder to accommodate Mexico's position as Issues are coming up on trade, tech-

While they work on their immediate

the Anarchists who were executed for throwing bombs among the police.

ue to find a ready sale in Europe,

1938: Republicans Flee

FRANCO-SPANISH FRONTIER -Twenty-thousand Republicans were in full flight today [July 17] from the punctured Mora de Rubielos pocket, as General Franco's pincers tightened. The salient, which for six weeks held back the Franco armining in their more back the Franco armies in their march on Valencia, was wiped off the battle maps inside of twenty-four hours.

Herald area In Septe

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During the Secul the International Herak the space it allocates to publish a special advert Asian editions, 10,000 a each day will be distrib the games. Take advant important advertising c IHT. For more informs

Makcolm Glenn (5) 861 Michael Lee

Penny Low (1)83 Wolfgang Lamer (69)7Patricia Go (1)46.

Andrew Thorn

(65) 22

Amid a Feud

ATHENS — The French foreign minister arrived here Sunday for

talks with his Greek counterpart

amid attempts to defuse a diplo-

volvement in the attack.

ATLANTA—Short of the leaves of the control of the c

Michael Dukakis Stack of Graph and a service of the myself is of issues; MATO in a support and attempts comment the indiant report in the indiant report report in the indiant report report

Station of the will have to be seen that the state of the early new year, at risk others the period of the second of th The residence of that the of reduced the opening of the reduced the conventional area at companion of the conventional area at conventional in office But the conventional area at conventional at conventional area at conventional at convention 1 tugar ≀ದಲ್ಲೇ an are ichies will be more denly the ilv bac i brezz. mare on the mend described Management of State and St Sierriine de . ंतर हा का<u>न्यु टेक्टबंग स्ट्रीक</u> M. Ger 77 - Tribal Make I ming of ma. The Character The state of the s and the distance of

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Hamb

# The World Sets Plan Isn't Going On Arms To Sit Still Multilateral Talks By Flora I. Cuts Endorsed

By Jackson Diehl Washington Past Service

WARSAW - Leaders of the Soviet led Warsaw Pact have called for multinational talks this year on the reduction of conventional arms in Europe and separate negotiations on the elimination of shortrange nuclear weapons from the

Concluding a two-day summit conference on Saturday in Warsaw, the seven-nation alliance also formally endorsed a platform of pro-posals on conventional arms reducion that the Soviet leader, Mikhail S. Gorbachev, presented to President Ronald Reagan at their meeting in Moscow in May.

The East bloc leaders stopped short, however, of formalizing sev-eral mutual security proposals made by Mr. Gorbachev earlier last week and of declaring a withdrawal of Soviet troops from Hungary, as had been expected by U.S. offi-

Three communiques emerged from the conference, but none mentioned Mr. Gorbachev's sugestion for a pan-European conference on conventional arms reductions, or his offer to cut Soviet aircraft deployed in Eastern Europe if the North Atlantic Treaty Organization canceled its planner redeployment of 72 U.S. F-16 fighter planes from Spain to Italy.

Polish officials said the idea of a withdrawal of 65,000 Soviet troops from Hungary, which had been publicly supported in recent statements by senior Hungarian officials, was not even discussed at the session, although there was a gener-

(Continued from Page 1)

mony just made public that "we are

the big winners now in the Gulf,"

but his view is not universal within

the military, far less in Congress.

One of the next president's early

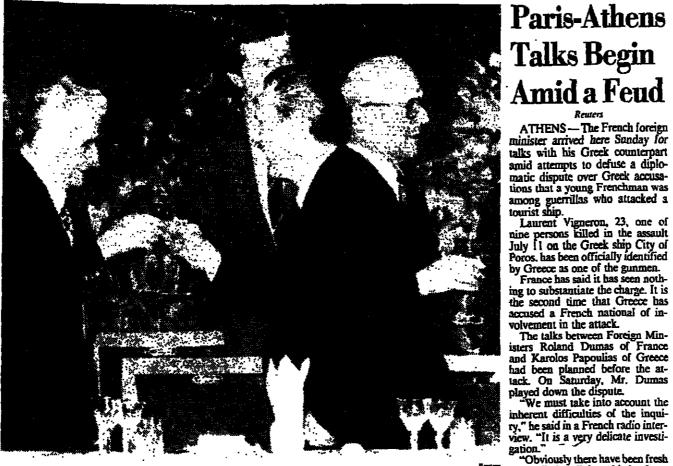
decisions will involve which mili-

When the frigate Stark was hit,

When the reflagged Knwaiti su-

General Crist told the subcommit-

tary advice to heed.



Nicolae Ceausescu, the Romanian leader, left, toasting Karoly Grosz, the Hungarian leader, at the pect to get to know Warsaw Pact meeting in Warsaw. In background at right is Erich Honecker, the East German leader.

tions in the number of Warsaw Warsaw Pact meeting could approximately the same strength in Pact troops.

A Polish Foreign Ministry offi-cial, Jerzy Nowak, said that for now the Warsaw Pact's position was that any withdrawal of Soviet troops from Eastern Europe would be carried out only as part of an agreement under which NATO would also make reductions of ruled Transylvania. arms. "It has to be negotiated," he

bloc leaders had agreed to move Warsaw Pact and other European elaborated in detail first," he said. tween the conventional forces of inspections.

al discussion about eventual reduc- The lack of new initiatives by the East and West so that both have

of surprise attack.

minority population in Romanian-The pact proposal also calls for The plan for conventional arms mr. Nowak also said the East calls for talks involving NATO, the now deployed by each side even forward on Mr. Gorbachev's most countries. It says the first step tion, it says, is needed for agree-recent arms proposals but had not should be the elimination of ment on the elimination of imbalyet adopted them. "They need to be "asymmetries," or imbalances, be- ances and could be checked by site

strengthen speculation about grow-ing differences among East bloc The second step is for a reduc-

ing differences among East bloc tion by NATO and the Warsaw leaders on both domestic and foreign policy. Romania, which has seemed lukewarm about Soviet about 500,000 men each. Simulta-Pact of 25 percent of their forces, or neously, the two sides would create arms control proposals, is also engaged in an open feud with Hunga-"low-armament zones" along their ry over treatment of the Hungarian front lines to reduce the possibility

> the exchange of detailed informabefore talks begin. This informa-

> > an explosion. Four hours after the blast, another team launched the attack on

Ambassador François Plaisant of

A French Embassy spokesman

said nothing new had emerged at

identity of their group have not

Greek authorities initially had

said another French victim, Isa-

belle Bismuth, 21, was among the

guerrillas. It is now accepted that

she was an innocent tourist.

Meanwhile, police sources said

Sunday that police were hunting a man who they believe mastermind-

ed the attack. The man, identified

as Hetzab Jaballah, disappeared af-

ter renting a car Monday, hours

before two persons believed mem-

bers of the guerrilla group died in

France. He gave no details.

the meeting.

been established.

The sources said that the police, searching Mr. Jaballah's hotel room, found traces of the plastic explosives that went off in a car parked at the ship's home marina. .Police have not ruled out the

possibility that Mr. Jaballah was one of those in the car, but are working on the assumption he is alive. The car rented by Mr. Jaballah was not the one in the explo-

### Paris-Athens SOVIET: Moscow, in Thaw, Expanding Tokyo Ties

benefits would derive from it.

Academy of Sciences, said they would be willing to discuss the status of the northern islands at a ington consultant and author of a symposium with Japanese re- new study of Soviet policy in Asia. searchers. The symposium begins here this week.

among guerrillas who attacked a The question will also be raised in meetings between visiting Soviet Communist Party officials and reptourist ship.

Laurent Vigneron, 23, one of nine persons killed in the assault resentatives of the Japan Socialist July I I on the Greek ship City of Party, according to Japanese politi-Poros, has been officially identified

by Greece as one of the gunmen. Although both of these channels France has said it has seen nothare non-governmental, they repre-sent the first occasions when Soviet ing to substantiate the charge. It is the second time that Greece has representatives have acknowledged accused a French national of in-Japan's claims as at least a legitimate point for debate.

The talks between Foreign Min-Mr. Gorbachev has used similar isters Roland Dumas of France contacts in recent months. Over the and Karolos Papoulias of Greece weekend, it was disclosed that he is had been planned before the attack. On Saturday, Mr. Dumas ter, Yasuhiro Nakasone, later this played down the dispute.
We must take into account the week. Although Mr. Nakasone will visit Moscow in a private capacity. inherent difficulties of the inquihe is being accompanied by the ry," he said in a French radio interview. "It is a very delicate investi-Foreign Ministry's specialist on the

Soviet Union. Attention is also being focused on the annual session of the UN Obviously there have been fresh contradictions," he added. "I ex-General Assembly this fall, when pect to get to know more in order to the Soviet and Japanese foreign A Greek government spokesman said Yannis Kapsis, the deputy for-

ministers, Eduard A. Shevardnadze and Sousuke Uno, are to hold private talks in preparation for a visit to Tokyo by Mr. Shevardnadze.

Moscow's new interest in un-

blocking ties with Japan coincides with increasing international recognition of the northern islands as global issue.

President Ronald Reagan raised the sovereignty question in his summit talks with Mr. Gorbachev, The terrorists' motive and the and it was discussed at the gathering of Western leaders in Toronto

seen as increasingly eager to derive the islands to Japan without jeop- perceptions of Japan.

(Continued from Page 1) concrete benefits from his Vladi-Japan should be shaped and what difficult challenges is the rebuild-Two weeks ago for instance, offi-

cials of the National Committee for Asia-Pacific Economic Corporation, which is part of the Soviet

Apart from continuing the process of rapprochement with China, the Kremlin's highest foreign-policy priority now seems to be improving relations with Japan.

"If the Soviets are going to succeed in the Pacific, they have to start making concessions that reduce the Soviet threat and the Asian perception of it."

What is beginning to emerge, Mr. Manning and other analysts said, is a two-track approach to Japan, in which official policy remains unaltered while potential points of agreement are sought beneath the surface.

Government officials continue rile Islands is simply not an issue. Soviet publications have been highly critical of Prime Minister Noboru Takeshita since the Toronto chance of change in relations between the two nations.

At the same time, Moscow ap-

concrete benefits from his Vladivostok initiative. Among his most along the Sca of Okhotsk, shielded by the Kurile chain.

Most potential solutions involve the return of two smaller islands

and assurances that the two others would be either negotiated with Tokyo or demilitarized. In outline, this is a modification

proposals advanced in 1956 but repudiated several years later by Andrei A. Gromyko, then the for-

Analysts say they believe that the present Soviet leadership can now consider such proposals, in part because of a gradual decline in the

military significance of the Kuriles. Steady progress in Chinese-Soviet relations, they add, is also lessening Moscow's need to maintain the military presence it built up in Asia

in the 1960s and 1970s. "These steps wouldn't cost much at this point," Mr. Manning said, "and they would help transform

Japanese public opinion."

Like the Soviets, the Japanese have not altered their position on the Kuriles since the late 1950s. But although demanding recog-

nition of Japanese sovereignty over all four islands, officials say privately that Tokyo is prepared to bring a substantially more flexible approach to negotiations.

Officials in Tokyo are more willing to acknowledge that the territo-

rial issue is largely a matter of political symbolism, through which they want Moscow to demonstrate its acceptance of the political and economic prominence Japan has achieved in recent years.

In effect, each side is now critical to stress that the status of the Ku- of the other for having missed opportunities that most advanced Western nations have taken advantage of.

"Perestroika will come to Asia," meeting stressing that there is little said a Japanese official who used the Russian term for Mr. Gorbachev's policy of "restructuring." "But Mr. Gorbachev must first In addition, Mr. Gorbachev is pears to be seeking a way to return move his country beyond the old

### FLEET: Soviets Are Keeping Navy Closer to Home

cited such visits as important demonstrations of Moscow's support for Fidel Castro, the Cuban leader.

There were also fewer flights to Cuba and Angola of Bear naval reconnaissance aircraft than in pre-And the director of naval intellience, Rear Admiral William O.

last year the Soviets conducted namainland - a departure from pre-1986 exercises." Those earlier exercises have been

particular concern to American ilitary planners.

In 1984, for example, the Soviet Gulf and maintains a small number the world.

cise involved more than 140 surface ships, more than 40 submarines. and involved simulated attacks by Soviet navy and air force bombers on targets well out into the Atlantic," according to the 1985 U.S. Navy report.

Despite changes, U.S. Navy offi-Studeman, has told Congress that cials assert that there has been no obvious change in Soviet shipbuildval operations "close to the Soviet ing plans, which were well under way when Mikhail S. Gorbachev became Communist Party general secretary in 1985.

And the Soviet Navy continues to conduct escort operations in the

Union's Western Fleet conducted of ships off West Africa, near An-

its largest exercise ever. The exer- gola. Admiral Studeman, who is leaving his naval intelligence post to

head the National Security Agency, the communications intelligence service, has cited budget pressures as well as increased emphasis by Soviet planners on improving the navy's capability to conduct operations close to home. The Norwegian defense minister

ohan Jorgen Holst, has said that the changes in Soviet naval deployments could stem from budget pressures. "a basic reassessment of strategic needs" or reconsideration of the political value of keeping naval units deployed throughout

### Herald Eribune In September

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really a big thing, but it became a hauls; taken a carrier out of the big thing to the United States." Med [Mediterranean] when we're "I don't think anyone in the Arab world thought we would stay the course," he said. "I think they already reduced our commitments wanted us to, but I don't think they were completely convinced we in the Gulf when the Russians do would do so. As a result, we are the

**ESCORT:** In the Gulf, the U.S. Navy Faces an Open-Ended Commitment

big winners now in the Gulf." But another military leader said, Experience in the Gulf in the last tee. "They expected us to leave the "I'm getting tired of wearing out our navy to protect other nations' pertanker Bridgeton hit a mine on July 24, 1987, he said, "It was not ed. "We're already hurting," he add-ed. "We've had to put off ship over-

combat hit-and-run attacks on

tankers by gunboats operated by Iran's Revolutionary Guards. General Crist told the subcommittee that when he took over comfound to my surprise that we were

"We needed small helicopters, Med [Mediterranean] when we're attack helicopters, made to kill supposed to have two there under tanks" to combat the small craft our NATO commitments. We've zipping around the Gulf, he said. The navy tried to base them on elsewhere to do the Gulf mission. navy frigates, but "we hadn't de-How come we have to keep 30 ships signed the ships for that," he said.

The main alternative, which was their escorting with a couple of not described in the declassified mine sweepers?" version of General Crist's secret testimony in February, consists of year has demonstrated that U.S. big floating platforms in the Gulf forces have gaps in fighting little, or "low intensity," conflicts as distinguished from big, "high intensity" inch rockets could use as airfields.

He conceded the military was General Crist said he found that caught flat-footed when it came to the navy had high-tech Aegis cruis- mine sweepers to clear the channels ers, like the Vincennes, to keep Iran had mined. But the old woodtrack of such high-intensity threats as Iran's anti-ship missiles and F-4 and F-14 fighter planes, but not the high-speed patrol boats needed to combat hit-and-run attacks on significant specific planes. They are finding the mines, said. "They are finding the mines, and their effort can be sustained."

"A lot of these lessons are hitting home," General Crist said of U.S. military operations in the Gulf mand of U.S. forces in the Gulf, "I "People are beginning to realize that we need to look more closely at deficient" in planes and helicopters this lower end of the conflict spectrum, that low-intensity conflict is dark and swoop down and sink not necessarily just in Latin Ameri-

### **GERMAN:** Holiday in Slow Lane

Traffic Ministry.

tural in nature. The autobahn sim-

#### Lawyers Hail 11 Held by Cairo in Killing of Israelis Reuters

CAIRO — A lawyer defending members of an underground group reportedly responsible for killing Israelis in Cairo has told a court that the accused were heroes.

At a hearing on Saturday for 11 persons accused of being members of the clandestine group, Egypt's Revolution, another defense lawyer described the killing of Israeli agents as legal because Israel was a "These men are heroes," said one

of the lawyers, Ahmed Khawaja, at the hearing on an appeal for the defendants to be freed pending trial "They are the sons of Egypt. They have raised guns against Israeli agents, against those who attack the Arabs, in order to defend our dignity and honour."

The 11 defendants are among 20 people accused of being members of the organization, which took responsibility for wounding an Israeli diplomat in 1984, killing another in 1985 and killing an employee of the Israeli Embassy in March 1986. The group also took responsibility for the wounding of two U.S. embassy security officers in May 1987. Seven of the 20 face prison sentences and were released on bail

last month. Two others are being

tried in their absence.

(Continued from Page 1).

tem is statistically West Germany's safest highway, said Bernd Bialleck, a spokesman for the Federal Traffic Ministry

bles. We simply couldn't afford to build enough highways to handle that kind of traffic, it wouldn't be economically feasible."

Rut the Samueland

But the Stau phenomenon is also The ministry says it believes that the traffic jams are unavoidable.

The Stau is mainly an autobahn the stau is partly structured in mature. The autobahn time are stau parantification is also routed in a less rational area of the usually logical German psyche. Everyone knows that if he leaves for Yugoslavia on the first Saturday of Yugoslavia on the first Saturday of a school holiday, there will be bused. Yugoslavia on the first Saturday of a school holiday, there will be huge traffic jams to contend with. But

inral in nature. The autobahn simply cannot accommodate the volume of cars pouring down from the north when schools and factories close for summer vacation.

"In a normal 24-bour period, about 60,000 or 70,000 cars travel on the Munich-Salzburg autobahn," Mr. Metzger said. "On school holiday weekends, that douse the said of the

But maybe I won'L'" The police and automobile clubs put out endless advisories warning drivers where and how long the backups are, and suggesting alter-native routes. Vacationers are urged to postpone their trip by a day or two. Almost no one listens.

The police and motor clubs try to control the situation once a backup has brought traffic to a crawl or a standstill. To relieve drivers' tensions, the radio broadcasts reports explaining what has caused the Stau and how long it will last. The Bavarian police deploys

nearly 10,000 officers on what it expects will be the worst weekends. In helicopters, cars and motorcycles, they try to keep traffic moving and drivers' tempers under control. The Allgemeiner Deutscher Automobil-Club also has a squadron of about 60 Stauberaters, or traffic

advisers, who circulate through the lines of cars on motorcycles, wearing bright yellow leathers. They tell drivers what the outlook is, offer toys and games to restless children and help with minor repairs. The Stanberaters, many of whom are women, are known as the "yellow angels" to motorists. Many families relieve their ten-

sions in a more traditional German way. They spread blankets on the roofs of their cars or repair to a roadside meadow, open the picnic basket and have a beer. "I don't know who first said it," Mr. Metzger said, "but the traffic

iam experience has become part of

the German vacation tradition. If

you don't sit in a Stau for a few hours, it just wasn't a holiday."

Summit. For three days this September, world business and academic leaders will meet at Oxford. You should be among them.

Your Oxford

by the International Herald Telume and Oxford Analytica Lad The subject is the world. In three days, in small seminar groups, participants will review the current political, economic and social

become that page the global business characters.

At the same time the Conference offers periods of quiet reflection and relaxation with a social program appropriant to its distinguished senting.

The closing banquet, at Bentium Palac, will be addressed by Eleknik Schools, Comer Chancellor of the Federal Republic of Germany. In aperior of major elections, market ensures intractable debt, and tenacious watts this Conference has never been more appearant. We hope you can attend:

Heraldazza Eribune.

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By Andrew Rosenthal
New York Times Service

cratic National Convention are more liberal

and wealthier than the Democratic voters

who sent them to Atlanta and the U.S. public

in general, a New York Times survey shows.

for positions such as combating drugs and

controlling imports that the Reverend Jesse

L. Jackson pushed long before they were championed by Michael S. Dukakis, the par-

ty's prospective presidential nominee. And

they want to cut military spending, a posi-

tion closer to Mr. Jackson's than to Mr.

enough delegates to assure himself the nomi-

nation and control the party's platform, the

lean toward liberalism on the part of many

delegates may have little impact on the con-

vention or the image that the party attempts

In a year in which the Democratic Party is

trying to woo back the voters who defected

to Ronald Reagan in large numbers in 1980 and 1984, the delegates this year are more

inclined than their predecessors to resist la-

beling themselves as liberals, despite the atti-

2200 GMT and 0400 GMT.

Jesse L. Jackson speaks.

Mr. Jackson also is nominated.

The vice presidential nominee speaks.

The presidential nominee speaks.

The convention adjourns.

**Jimmy Carter** 

As Effeminate

United Press International

President Jimmy Carter said

in an interview published Sun-

day that Vice President

George Bush gives "a kind of

ing to be "tough when he

Daily News of Gwinnett

Mr. Carter told the Sunday

efferminate impression" by ir

ATLANTA — Former

Labels Bush

Schedule of Main Events

Compiled by Our Staff From Disputches ATLANTA - Following is a list of the main events scheduled this week at the Democratic National Convention. Each evening's agenda is set to take place between 5 P.M. and 11 P.M. Atlanta time, or

MONDAY

2330 GMT: Convention opens under the chairmanship of Representative Jim Wright of Texas, speaker of the U.S. House of

0125 GMT: Welcoming speech by Mayor Andrew Young of

0225 GMT: Ann Richards, the Texas state treasurer, gives the

TUESDAY

WEDNESDAY

Governor Michael S. Dukakis of Massachusetts is nominated for

THURSDAY

Nominations and roll-call votes are held for the vice presidential

2345 GMT: Reports of Rules and Credentials Committees.

0310 GMT: Remarks by Panl G. Kirk Jr., party chairman 0330 GMT: Former President Jimmy Carter speaks.

Consideration of party platform. Senator Edward M. Kennedy of Massachusetts speaks.

A roll-call vote is held for the presidential nomination.

to present to the public in the campaign.

The delegates display enthusiastic support

"Bush's effort at trying to improve his image contributes to the silliness problem." Mr. Carter added. "There's a kind of effeminate impression that he gives to the public when he's on television, trying to be tough when he isn't.

possibility of tax increases, just as Mr. Duka- the entire group was plus or minus three The delegates make considerably more kis's representatives to those drafting the percentage points. ATLANTA - Delegates to the Demo-

platform have insisted. Still, just about as many, 67 percent, said they thought a tax increase would be neces- all-white male club, the poll found some

Sixteen years after the 1972 convention pressed to diversify what had been a nearly

sary in the next four years. Mr. Dukakis, who consistencies — roughly half the delegates was one of the 1,059 delegates in the sample, are men and half are women — and some

The days when the convention was a nearly all-white male club are gone — roughly half the delegates at Atlanta are women, and 21 percent are black.

has said taxes could be raised as a "last

Because Mr. Dukakis has more than resort." Even if the delegates seem to support some of Mr. Jackson's themes, the Dukakis campaign is confident that it has enough votes to keep the party platform general and thematic. Mr. Jackson still has only about 25 percent of the delegates to promote the specific, predominantly liberal planks that he wants

in the platform. To conduct the survey, The New York Times interviewed 1,059 of 4,203 delegates (who will cast both total and partial votes adding up to 4,162) from June 20 to July 12, including 320 of 672 delegates who were not tudes they showed in the survey. including 320 of 672 delegates who were not One example of this is their view on taxes. Sixty-five percent of the delegates said the gates by virtue of their elective offices or party's platform should not talk about the party posts. The margin of sampling error for survey showed.

striking disparities from the general popula-

For example, 6 percent of the delegates are Jewish, while only about 3 percent of the population and of registered Democrats nationally are Jewish. Twenty-one percent of those surveyed were black. Recent national New York Times surveys found that 21 percent of registered Democrats are black, but

only 11 percent of the general public is black.

But, continuing a long-established pattern, at least 77 percent of the Democratic delegates are white-collar workers, and only 3 percent are blue-collar workers. Union members, especially teachers and government workers, make up 23 percent of the delegates, and union officials 6 percent, the

money than average Americans; 56 percent of them said their family incomes last year were \$50,000 or higher, and 16 percent earned over \$100,000.

Among Americans surveyed in the recent rational polls, 78 percent said they earned under \$50,000 and 64 percent said they had a high school degree or less.

The way the regular elected delegates describe themselves has significantly changed since 1984. Only 40 percent of them said they were liberals; in 1984, 52 percent called themselves liberals.

According to the recent surveys, 27 per-cent of Democratic voters and only 20 percent of the general public said they were The Democratic delegates also disagree with the general public on military spending.

Sixty-three percent said they favored a cut in spending - a stand that is rejected in the party's thematic draft platform - while 29 percent said it should stay the same. Among Americans in general, 49 percent

said military spending should stay the same; 17 percent favored more spending, and 28 percent said they favored cuts.

Forty-six percent of registered Democrats said military spending should remain at current levels; 36 percent said it should be cut, and 13 percent said they supported a spend-

### Bush Has Picked a Strange Time, Some Say, to Do the 'Fishing Thing'

By Gerald M. Boyd

WASHINGTON — Sometimes presidential candidates just cannot

For weeks, Vice President George Bush has been pondering what to do when the Democratic National Convention convenes in Atlanta on Monday. That has always been a concern for the party that suddenly finds public attention directed to the opposition at

Some advisers to the vice president have argued that etiquette dictated a low-key approach. But to others, this week looked like a golden opportunity for easy publicity, since news organizations would be seeking to balance the flood of stories about the Democrats with almost anything about Mr. Bush or his Republican Party.

Mr. Bush spoiled any hope of this when he decided to vacation in

eas, and the press will not be able to tollow. The only scheduled guest is Treasury Secretary James A. Baker 3d, though some aides predict that Senator Alan K. Simpson, Repub-lican of Wyoming, might turn up.

The notion that the vice president, whose known outdoor activities run more to speedboating and tennis than to backpacking or flycasting, is, as one aide said with deadpan expression recently, "Going fishing," has been hard to sell.

On Thursday, Mr. Bush's chief of staff, Craig L. Fuller, became defensive when reporters asked him about the plan, insisting that Mr. Bush deserved a vacation.

To some aides, the timing of the wilderness jaunt could not be worse, and not just because of the missed opportunity to get on television. Their view is that the last few this when he decided to vacation in weeks have been good for Mr. a remote national park area in Wy-

oming, so remote that he will be opinion polls and performing bet-traveling by helicopter to some ar-

The vice president has also been getting better in his speeches, long a problem area, especially for someone whose act follows President Ronald Reagan's on the political card. One speech writer after another has looked on aghast as the vice president has destroyed some of his better-written lines by chaining sentences together with "ands," deviating from the text or failing to pause for effect.

This is how it works on the stump with Mr. Bush: In a recent speech, he painted a vision of the United States as a land of opportunity and hope in which "the poorest of the poor have dreams." "I think a lot of parents would

sum up this country and its dreams in eight words: 'My children will have it better than me,' " he said. But he could not leave it there and smoothly stepped on his mes-sage by adding, without a pause, "If you are a fanatic about grammar, 'better than I.' "

Another habit, almost an addiction, has been his use of the word "thing." For example: "The blame-America-first crowd, out of that post-Vietnam thing," "the women thing," "the drought thing," "the vice presidential thing."

But the George Bush model on display these days is forceful, at times humorous and even eloquent For a candidate whose best laugh line has always been the one about how he has charisma, that change has been quite striking.

Wooing the Boys on the Bus

#### Jackson's Convention Caravan Seizes the Spotlight ward Mrs. Jackson got off the meters) from Chicago to the Democratic Party's convention

By Gwen Ifill

Washington Post Service
ATLANTA — The car,
shaped like a giant Oscar Meyer
wiener, began to shadow us on the Interstate between Louisville and Nashville. It was an odd enough sight in itself, but the reason the car never passed the motorcade became clear after a few miles, when the driver flashed a hand-lettered sign that said, "Go Jesse!"

It was a rare moment of spontaneity in the rolling Jesse Jackson press circus that brought the candidate to Atlanta on Satur-

Mr. Jackson tried to invoke memories of freedom rides and civil rights marches along the route that followed in part the path General William Tecumseh Sherman took in his destructive march through Georgia during the Civil War. But the trip had more the feel of a loosely organized bright idea.

Seven buses, six of them reserved for reporters from as far away as Japan and Australia, made up the bulk of the caravan. It was originally intended that the campaign would pick up delegates and supporters along the more than 700 miles (1,100 kilo-

site in Atlanta. But the goal of picking up people along the way was tossed aside after the first Mr. Jackson, it seemed, was

having entirely too much fun entertaining the press. Everywhere on the route, local

news helicopters showed up to document the journey. The maior networks planned to have helicopters in the sky, broadcasting the progress of the motor-bus motorcade as it neared Atlanta. Mr. Jackson was a walking

media event last week, occupying more limelight than the party's prospective nominee, Governor Michael S. Dukakis of Massachusetts. Because of the fight that kept brewing between the two campaigns, his every statement seemed to warrant frontpage attention and nightly television coverage.

En route, images were every-thing. When the caravan left Chicago, for instance, dozens of cameras captured him and his wife, Jacqueline, waving goodbye from the steps of his luxury

What the cameras did not capture was that immediately after-

bus and left her five children and a handful of aides to accompany their father to Atlanta. Another image came courtesy of Senator Albert Gore Jr. of

Tennessee, himself a former presidential candidate and no

stranger to campaign postuting. As an overflow crowd spilled into the street in front of Jefferson Street Missionary Baptist Church, in Nashville, Mr. Gore, ignoring scattered boos, called Mr. Jackson's campaign a "step-

ping stone toward hope." That, coupled with an initially awkward attempt at the classic. raised-armed victory pose, proved to work for Mr. Gore, who is not fondly regarded among Jackson supporters.

"Jackson, Gore Stand United," a headline in the Nashville Tennessean said the next morn-

As the bus trip unfolded, it was clear that at least some of Mr. Jackson's objectives had been achieved. A new button that appeared on lapels at stops along the way read, "I'm a Jessecrat, as good an indication as any of Mr. Jackson's visions for the Democratic party.

### Japanese Prefer the 'Devil You Know'

By Fred Hiatt and Margaret Shapiro

Washington Post Service
TOKYO — Japan's nervousness

about a possible Democratic victory in the U.S. presidential election has been heightened with the choice of Senator Lloyd Bentsen of Texas as the probable vice presidential candidate and House approval of a revised trade bill. Japanese opinion leaders are not

enthusiastic about either presiden-George Bush as the Republican candidate or Governor Michael S. But many politicians and businessmore likely to adopt isolationist, protectionist and anti-Japanese policies, while the Republicans of-

tial candidate, Vice President Dukakis as the Democratic choice. es believe that the Democrats are fer at least a familiar cast of charac-

Masao Susaki, senior economist at the Bank of Tokyo, said that evokes unhappy memories of Jim-Japanese monetarists believe the my Carter, who Japanese believe

(Continued from Page 1)

chairman. Some Jackson support-

ers have complained that Mr. Kirk

to the right.

that kind of mistake.

Dukakis wants to present.

new voters I brought as part of my

campaign?" he asked on a CBS

cannot, and it should not have to -

"All we're asking for is inclu-sion," he added, "We're asking for

we're all members of the family.

cally and militarily on the United States, has long followed U.S. politics almost as closely as its own. Now that Japan has become an economic power and chief financier of the U.S. debt. its views of those politics have become increasingly important outside Japan. The preference for a Bush vic-

tory has led some economists and traders in Japan to assume that Tokyo has allowed the dollar to rise on the international market partly to help the Republicans.

One senior bureaucrat said that "in the longer run" the dollar will probably begin falling again. Asked if the longer run would begin in November, the bureaucrat laughed and said, "probably."

the present government.

lieve Mr. Dukakis is more likely to resolve what many Japanese leaders view as the chief U.S. problem and most dangerous Reagan-era legacy: the fiscal and trade deficits.

Many leaders also believe that whoever wins in November will

find that the U.S.-Japanese relationship has become too important and too complex to threaten with severe protectionist measures. But most leaders here seem less

They are a little bit concerned about another small-state governor

coming in, not that well-versed in foreign policy and trying again to do something like pulling the troops out of South Korea," a Western diplomat said, referring to Mr. Carter's policy, which was abandoned amid great controversy.

Japanese worries about Mr. Dukakis were exacerbated in some quarters last week when he announced Mr. Bentsen as his preferred vice presidential nominee. Some Japanese officials said they were reassured by the choice, since Mr. Bentsen is a conservative insider who can get things done.

Mr. Bentsen sponsored the trade bill that was approved overwhelmingly by the House on Wednesday and widely viewed in Tokyo as inti-Japanese and protectionist.

Keizo Obuchi, the chief cabinet ecretary, called the House action 'extremely regrettable."

#### DEMOCRATS: As Convention Opens, Party Seems More Unified Than in Many Years (Continued from Page 1) and "good jobs with decent wages" year. She says now that she never day," a one-day Southern primary quarrels. Civil rights is no longer a

Former President Jimmy Carter talking with reporters Sunday in Atlanta as Democratic Party delegates gathered to pick a presidential and vice presidential candidate for the autumn election.

is that he also has the party's most

loyal constituency." Many Democrats console themselves with the thought that polls show Mr. Dukakis to be an overwhelming favorite over Vice President George Bush among blacks. But Mr. Eizenstat said: "It is too

easy to say that blacks have nowhere else to go. There are no easy answers for a party whose consensus has moved to the middle to accommodate the legitimate demands from the left. That is the party's cruel dilemma." Still, it is not just partisan Demo-

crats who believe that the party is in much better shape now than it was in 1984 or 1980. Richard B. Wirthlin, President Reagan's polltaker, said, "I think you'll see the most united Democratic convention in some time." One reason is the efficient al-

most bloodless, way in which Mr. Dukakis dispatched his rivals for the Democratic nomination. Another is the fact that Mr. Dukakis "bridges many of the differences" that divided Democrats earlier in this decade, as his campaign manager, Susan Estrich, put it.

She said that Mr. Dukakis "shares the values of the Democratic past, but he offers '90s solutions, not '70s solutions."

Mr. Dukakis likes to describe himself as someone who is "committed to progressive action but also believes in fiscal responsibility." He has made expansive promises of improved schools and housing, guaranteed access to health insurance and higher education. dy's platform representative that process by creating "Super Tues- eased by the ending of some old nedy did in 1980.

But he has backed the promises

with few specifics, always noting that the next president will be limited by the deficits he will inherit. Though he comes from the Kennedys' home state, Mr. Dukakis, in his frugality, discipline, intellectu-ality and dislike for backroom poli-

tics, reminds many of Mr. Carter. Dukakis fits no past Democratic president's model perfectly, said Harry C. McPherson Jr., who served on Lyndon B. Johnson's White House staff. "He's surely not a Hubert Humphrey, not a rhetoripropriate money to finance programs to help the needy. He's much more like Carter."

Some party activists now say right," as the political consultant Geoff Garin put it.

choices," they say.
Mr. Garin added that Mr. Carter "had the opportunity to become a ty back to what they called "the very important transitional figure, mainstream." but he was undermined by events and by the resistance of the institutional party."

Coolness to Mr. Carter fueled the Kennedy rebellion of 1980, which is in some respects similar to the Jackson challenge this year. Miss Estrich said that in 1980, while the Carter administration was focusing on inflation, the Kennedy faction was taking demands for jobs programs to the Democrat- dy aide.

ic convention floor.

considered that the internal battle big enough to launch a moderate divisive issue in the party. Divimight so weaken Mr. Carter that it would lead to his defeat.

But Mr. Reagan won, and across the South he converted so many white voters, including fundamentalist Protestants, that one leg of the Democratic coalition was severely weakened. In 1984, when the Democrats nominated Mr. Mondale and Representative Geraldine A. Ferraro of New York, Mr. Reagan won the votes of two of every three white men, including large

majorities among young voters.

Mr. Mondale's devastating decal, mainstream liberal out to ap-feat forced Democrats to acknowledge that their party was in serious trouble. The 1984 loss led to a declaration of war by some of the moderate-conservative elected officials that "Jimmy Carter had a lot of it on the interest groups prominent in the Mondale campaign. Senator Nunn, Mr. Robb, Representative "He saw there were tough Richard A. Gephardt of Missouri and others formed the Democratic

Leadership Council to pull the par-

Members of the council, most of them in the South and the West where the national ticket ran far behind successful state and local candidates, first tried to take control of the party machinery. But they were unable to recruit a strong contender for the Democratic National Committee chairmanship. The post went to Paul G. Kirk Jr., a

They tried to change the dynam-Miss Estrich was Senator Kenne- ics of the presidential nominating

Boston lawyer and former Kenne-

contender to the nomination. That sions over foreign policy have abatscheme mistired after Senator Albert Gore Jr. of Tennessee, who on Larry Smith, who was an adviser to March 8 split the Super Tuesday national convention delegates with rado senator's presidential cam-Mr. Dukakis and Mr. Jackson, paign. proved unable to win outside the

Nonetheless, many agree with Mr. Robb's assertion that the Dem-ocratic Leadership Council and its allies "have moved the party in a more centrist direction" — with help from Mr. Kirk and Mr. Duka-

kis, two men they opposed. Early in his tenure, Mr. Kirk erased the official status of the Democratic National Committee's homosexual, women's, black and Hispanic caucuses. Then he urged organized labor not to repeat the early endorsement that helped stamp the special-interest label on

no endorsement. This self-restraint allowed Mr. Dukakis, who has close ties to these groups, to gain the nomination without being labeled their captive.

Mr. Kirk also engineered the drafting of the shortest and least controversial Democratic platform tween the Dukakis-Bentsen forces

them in the South.

ed, for reasons summarized by Gary Hart during the former Colo-First, Mr. Smith said, most of the main figures in congressional de-bates are people who have gone to

Washington in this decade, unscarred by the bitter intraparty battles over the Vietnam War. Second, "the Democrats as a group now understand they have to be for something," he said. "For many years, they were good at critiquing weapons, but they never addressed the constitutional charge

to provide for the common de-Third, he said, the party now agrees on military spending. "Our ability to defend ourselves." he This year, groups representing said, "will ultimately depend not labor, teachers and feminists made on how much we spend but on how said, "will ultimately depend not

> And, fourth, Mr. Reagan's "movement on arms control and the Soviet issue has fundamentally changed the political context in which the Democrats work." But there is still a faultline be-

well we spend it."

taken for granted. We're asking for and the Jackson faction on the clas-The hopes that infuse Atlanta sic question of domestic policy: shared responsibility." have been building since 1986, how much the federal government Responding to the call for when the Democrats recaptured should tax some people in order to control of the Senate by winning provide benefits and services to nine Republican-held seats, four of others. These are the issues Mr. Jackson is threatening to take to Mr. Dukakis's path has been the convention floor, as Mr. Ken-

"You're safer with the devil you dollar fell too fast. But he said initially pursued a dangerously know," one observer said, describing the widespread Japanese attiabout "the political side of this," "They are a little bit concerned." tude toward the presidential race. trying to support U.S. Treasury Secretary James A. Baker 3d and Japan, which depends economi-

Not all Japanese business leaders believe that a Bush victory would be better for Japan. Some that be-

nervous about Mr. Bush than about Mr. Dukakis, whom they view as inexperienced in foreign affairs and likely to follow his party's lead in pursuing harsher trade sanctions against Japan. Mr. Dukakis also

JACKSON: Differences Have Yet to Be Resolved to be put into nomination Wednes-

day night along with that of Mr. Dukakis. He said Sunday he had not decided whether to seek the has tried to move the party too far vice presidential nomination. Although contested votes for the In Atlanta, former President presidential nomination are com-Jimmy Carter said that Mr. Jackson would hurt himself politically if he made "selfish" and "divisive" demands. But Mr. Carter, speaking mon, they are rare for the vice pres-

idential nomination.

Speaking on an NBC television program, Susan Estrich, Mr. Dukaon an ABC television program, kis's campaign manager, said: "It's been our view all along that Reveradded, "He's not going to make end Jackson, his supporters and his staff have a vital role to play in the Intense negotiations began Sat-urday and continued into Sunday to lessen a Jackson threat to undercampaign. She said that no Dukakis-Jackmine the image of party unity Mr.

son meeting had been set but that But Mr. Jackson appeared Sunone was expected at the convenday to give little ground in his drive Also on NBC, Ronald L. Brown, for recognition as a central figure in Mr. Jackson's convention manager, the party and at the convention. said he was optimistic about the talks with the Dukakis staff. "Can that ticket win without the

Mr. Jackson said that the Democrats would end up with a unified to the Democrat's side. television program. "Of course it convention, but that it was too much to expect that they would not 

Campaign Aides Meet "debate and deliberate to arrive at decisions and gain a mandate to consultation as opposed to being govern."

tradition of the Democratic Party."

"shared responsibility." Mr. Dukakis Said in Boston: "You can't have "Poll Gives Dukakis Lead Mr. Dukakis holds an Ill and Mr. Dukakis holds a two quarterbacks. Every team has lead over Vice President George of Mr. Bentsen to the ticket gave the election campaign.

him a big boost, according to a Chicago Tribune poll released Saturday, United Press International

The poll of 1,507 registered voters in California, New York, Texas, Florida and Illinois was conducted by Peter D. Hart Research Associates of Washington, from July 5 ю јшу 9.

reported.

Fifty percent of those surveyed said they favored Mr. Dukakis, compared with 39 percent for Mr. Bush and 11 percent undecided. Dukakis led in California, New

York and Illinois, tied Mr. Bush in Texas and trailed him in Florida. Because the poll was taken before Mr. Dukakis named Mr. Bentsen as his running mate, 194 of the Texas respondents were reinter-viewed. In the second poll, 17 percent of those who originally said they supported Mr. Bush switched

On Saturday, Mr. Dukakis's wern."

That," he said, "is in the best an effort to defuse tension between the camps. The Washington Post reported from Atlanta, Both men later said they had made progress Mr. Dukakis holds an 11-point and scheduled further discussions. two quarterbacks. Every team has to have a quarterback; that's the Bush in five important states, in
Mr. Jackson's negotiators had set cluding Texas, where the addition forth his desire for a major role in

The Reverend Jesse L. Jackson arriving in Nashville, Tennessee, en route to Atlanta.

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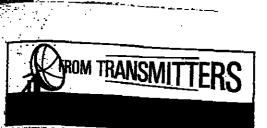
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MONDAY, JULY 18, 1988

### Herald Eribune. BUSINESS/FINANCE

A Profile of



INTERNATIONAL CREDIT

### **Concealed Capital Market** Is Developing in Europe

By CARL GEWIRTZ

ARIS -- An important market nearly totally hidden from public view is developing for European companies to increase their capital without altering their real ownership at the expense of their home tax authorities. Neither the companies seeking capital increases nor the handful of investment banks arranging the transactions are willing to discuss details

The banks in the forefront of this business are said to be Merrill Lynch & Co., J.P. Morgan & Co., Morgan Stanley & Co. and Swiss Bank Corp. Investment Banking.

The stated reason for keeping details confidential is a desire to withhold critical information on how to construct such deals from other banks not yet up to speed. "It's proprietary," French bankers

ankers said. But there is also apparent discomfort in exposing for public scrutiny the collusion etween the borrowers and their tax authorities needed to make the transactions possible. One banker said the structure was not being shown to
American companies because the Internal Revenue Service

said their internal auditors refused to sanction this tax code distortion.

would never accord the necessary tax relief.

The few bankers willing to talk about the subject also expressed concern about how the European Commission might react to the lenient tax treatment if details were readily available.

The common feature to all the transactions is that they are The common feature to all the transactions is that they are private placements of perpetual notes that are sold to investors for 15 years, but, thanks to financial legerdemain, remain outstanding forever. After 15 years, when interest payments stop, the paper is worthless. The fictitious perpetuity gives rise to tax savings that otherwise would not be possible.

The only capital-raising exercise for which details are known is by Rhône-Poulenc SA. Two weeks ago, a joint declaration from the French ministries of finance and industry accorded the state-owned chemical company permission to increase its capital by 5

owned chemical company permission to increase its capital by 5 billion francs through the sale of perpetual capital notes.

HE OFFICIAL statement never mentioned the tax relief, although assurance that the controversial reduction would not be challenged was the only reason the company had to

consult the government.

In essence, Rhône-Poulenc will be permitted to deduct as a legitimate "interest" expense the money set aside to repay investors after 15 years. The cash set aside will be invested in U.S. Treasury zero-coupon bonds, meaning that roughly 1.3 billion francs used to buy the zeroes will be worth 5 billion francs at year 15. In the meantime, the company gets to deduct from its taxes the purely fictitious 1.3 billion francs of "interest" payment.

Without the tax deduction, the operation could not have gone ahead, as the money saved is the key ingredient that makes this a compellingly cheap way to increase its capital.

French bankers said their internal auditors refused to sanction this distortion of the tax code, which normally does not allow repayment of principal to be taken as a business expense. Sources

repayment of principal to be taken as a business expense. Sources also reported that none of the major private auditing firms, the so-called Big Eight, were willing to give unqualified approval. Bankers described the structure of Rhône Poulenc's offering as

"aggressive" and said that other offerings either under way or under consideration were less rapacious. Nevertheless, all involve controversial exploitation of the tax code necessitating prior assurance that tax officials will not raise an objection.

Speaking about an operation being studied by a British company, a banker said: "It's possible to come up with a different structure" from Rhôno-Poulenc's "where a company can get a tax reduction initially

but would subsequently pay some of the tax back. "That would have much less powerful economics, but could still in fact be pretty attractive. Not because the net net tax had been taken out of the system, but because of the time value of money - you get relief today, tomorrow and the next day, but pay back in year 15."

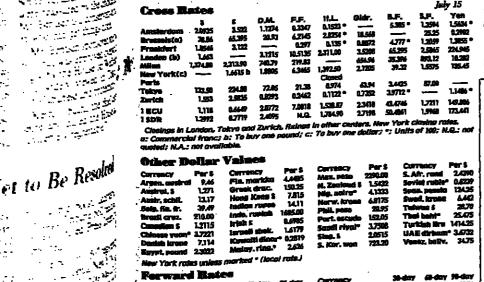
The only companies known to be currently seeking to raise capital through the sale of perpetual 15-year notes are Compagnie Bancaire and Banque Batif, a unit of the state-owned Thomson. No details have been divulged on the structure of these operations, both arranged by Swiss Bank Corp. Investment Banking, although the technicalities are said to be significantly different from those employed by Rhône-Poulenc.

In the credit market, Chemical Bank last week was named to arrange the sale of £595 million in senior debt facilities to assist in financing the management buy-out of Reed Manufacturing from

the parent company Reed International.

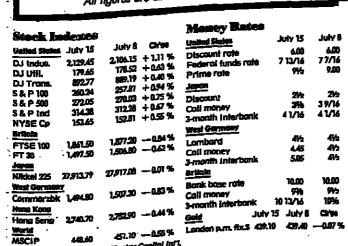
Chemical said that £400 million would be drawn down to fund the completion of the acquisition. There were no details on the terms, but market rumors had the loan running for eight years at 1% points over the London interbank offered rate.

### **Currency Rates**



Currency 39-day 69-day 95-day Pound Sterilins 1,6592 1,6557 1,6521 Joponesse yest 134,98 134,57 134,21 Deutsche mark 1,8731 1,8683 1,8535 Sources: Indosvez Bank (Brussels); Banco Commerciale Hallana (MBan); Banque Notionale de Parts (Parts); Bank of Tokyo (Tokyo); IMF (SDR); BAI) (dinor, riyol, dirham); Gasbank (ruble). Ölher data from Rauters and AP.

### Last Week's Markets All figures are as of close of trading Friday



World Index Prom Morgan Stanley Capital Infl.





### Britain's Hanson: **Unashamed Giant** Of the Acquisitors

By Warren Getler
International Herald Tribune
LONDON—"We believe we are opportunistic," said Martin G. Taylor, a vice chairman of Hanson PLC, Britain's most acquisition of the said of th tive industrial conglomerate. "Although that's a word often used against us by defending bankers, we tend to think it's rather a compliment."

Smng? Perhaps. But the self-estimation

rings true.

"The record speaks for itself," said Jeff
Putterman, who tracks Hanson for the investment banking firm Drexel Burnham Lambert
Inc. in New York. "It's hard to criticize
people who have been doing this well for so

Indeed, the group's chairman, Lord Han-son, and Sir Gordon White, chairman of the U.S. unit, Hanson Industries Inc., have achieved a kind of cult status as Britain's most eminent takeover artists. Lord Hanson, 66, and Sir Gordon, 65, have

the reputations of being courtly, discreet gents, notwithstanding the terror they often strike in target company boardrooms. Both are more than 6 feet (1.8 meters) tall and in their youths were known to frequent Lon-don's leading social haunts. James E. Han-son, as he was known before he became a life peer, was at one time engaged to Audrey Hepburn; Gordon White was rumored to

have been seeing Mary Tyler Moore and Joan

Lord Hanson, who as chairman earned £320,000 (\$545,000) last year, is the chief administrator and senior diplomat of the sprawling group. Sir Gordan, who was introduced to James Hanson by the latter's youndered. ger brother, the late Bill Hanson, is the creative strategist behind the conglomerate.

Sir Gordon, with the backing of Lord Han-son, decamped for the United States in mid-1970s because he was dissatisfied with Brit-1970s because he was dissatisfied with Briani's business climate, company sources say, particularly with what he saw as the lack of support industry was getting from government. The two executives now shuttle back and forth between London and New York. Their company, Hanson PLC, has from modest beginnings in the mid-1960s, when it focused on construction equipment, become one of Britain's largest industrial groups, with an indiluted market capitalization of \$5.1 bil-

an undiluted market capitalization of £5.1 billion on 3.578 billion shares. In the spring of 1964, when its precursor, the Wiles Group, became a publicly traded company, it had yearly pretax profit of £130,000, a market capitalization of £300,000 and a work force numbering in the hundreds. Last year, Hanson had pretax profit of £741 million and a work force exceeding 110,000.

Hanson Industries, based in Iselin, New Jersey, entered 1988 as one of the top 60 U.S.

companies. The parent company has been seeking to raise its profile in the United States, where 15 percent of its shares are held and more than half of its work force is employed. In November 1986, Hanson obtained a listing on the New York Stock Exchange, but its American Depository Receipts have performed somewhat listlessly, with shares stagnating at about \$11 to \$12 in recent In December, the parent dropped the word

explained, "we had received so many letters from Americans believing that we were in some sense a bank . . . They were sending us checks wishing us to manage people's money for them," he said. "We thought we'd avoid the confusion by changing our name." To make what Hanson is all about clear to

the better informed on Wall Street, Hanson flew 100 analysts over to London on a Concorde last January for a full briefing, followed by a speech by Prime Minister Margaret Thatcher and a few days of rest and recreation at the posh Grosvenor Hotel on Park Lane. British analysts reportedly were piqued at the royal treatment, and because they were not invited, So Hanson followed up with an open house for them and British fund manag-

But over the past five years, Hanson has See HANSON, Page 9

### **G-7 Still Divided Over Policy Use** Of Commodities

International Herald Tribune
BRUSSELS — Despite publicly
endorsing the idea at their Toronto summit last month, the seven leading industrialized nations are still divided over a plan to include gold and other international commodity prices among their barometers of

the world economy.

The proposal was launched in September by James A. Baker 3d, the U.S. Treasury secretary, who wants gold to play a prominent role in a new commodity price index that would help guide joint eco-nomic decisions by the Group of Seven countries: the United States, Japan, West Germany, France, Britain, Italy and Canada.

Although the seven approved the suggestion in principle in April, senior European financial officials said experts working on the index at the International Monetary Fund still disagreed over the relative weighting of gold and other commodities, notably oil.

Much more important, they said, the seven countries are still far from agreement on the fundamen-tal issue of how the performance of the commodity index and the other indicators they monitor should influence national economic and

monetary policies.

"The big question about the commodity index is not how you construct it but what you do with it," a British official said. Should governments, for example, be obliged to alter their interest rates in the light of inflation trends shown by the commodity index?

That essentially political question goes to the heart of the current

debate among the seven countries as they grope toward a reform of the international monetary system intended to restore tighter control The seven generally agree that joint economic policy manage-

ment, rather than massive currency intervention, should be used to stabilize their currencies.

But they differ over whether a

out of line with the others or wheth-

er such policy coordination should essentially be voluntary.

Basically, said a senior European official, the Europeans do not want to be told what to do by the United

"There is a question of sover-eignty — a feeling that the United States has been bullying its trade partners a bit too much," he said. By contrast, European officials said the precise composition of the commodity index is effectively a technical issue that can be resolved by the time the G-7 ministers next meet during the IMF's annual gathering in Washington in Sep-

Of the three main players, the United States wants to give a greater weight in the index to gold, West Germany wants more emphasis on oil — which accounts for nearly 50 percent of all trade in basic commodities — and Japan has stayed largely on the sidelines. But, the officials added, the dis-

pute is no greater than similar argu-ments over other indicators, such as price indexes, for which experts still disagree, for example, over whether greater weight should be given to wholesale or retail prices. The answer, said a European of-

ficial, is simply to leave the index flexible. There is no reason to give a big weight to oil if the oil price is not causing problems." And a rise in the gold price would be seen as less significant if it was simply the result of a "speculative attack."

The pragmatic solution likely to be adopted is that the IMF experts

will report to G-7 ministers on the varying results that would emerge from different ways of calculating the index. They would thus be able to compare international price trends according to whether gold or oil were given the greater weight. "If the index is used to determine

how you change your economic policy, it's obviously crucial what you put in it," a European official said.

government should be required to See COMMODITIES, Page 9

### Canada Expected to Finance Atlantic Oil Project By John F. Burns New York Times Service oil companies involved in the project has calculated the field would consortium led by Mobil Oil of in 1979, after exploring in the re TORONTO — Oil industry ex be profitable at a world oil price of Canada, a subsidiary of Mobil gion for several years. Initial esti-

The plan calls for a huge concrete platform to stand in 300 feet of water (91 meters) in an area known as Iceberg Alley, about 180 miles (290 kilometers) east of St. John's, Newfoundland, in the Atlantic Ocean, the executives said. The site is north of where the Titanic struck an iceberg and sank in

along the eastern coast of North At a projected production flow

of up to 100,000 barrels a day, the field could add nearly 10 percent to Canada's current production of conventional crude oil.

and environmentalists.

TORONTO — Oil industry executives said the Canadian governabout \$22 a barrel. The current
chevron Oil, a subsidiary of
up to 2 billion barrels of oil, but the
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Chevron Oil, a subsidiary of
up to 2 billion barrels of oil, but the
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The consortium of oil companies involved in the project reportedly calculated the field would be profitable at a world oil price of about \$22 a barrel.

It would be the first deep-water oil well to be put into production government money. Industry sources said the deci-

The project seems certain to attract the scrutiny of safety experts

questioned as well. According to ment under which the government tion before September 1989. industry sources, the consortium of would provide about \$2 billion in A Mobil-led consortium dis

not prepared to proceed with the consortium. So is a smaller Ameri- The apparent government deci-

sion to proceed would be an-nounced by Marcel Masse, minister of energy, mines and resources, probably on Monday. The project requires the approval of the federal and provincial cabinets. Prime Minister Brian Mul-

roney's office confirmed that he would be in St. John's on Monday. Its economic viability has been Masse would outline an arrange-

can company, Columbia Gas Sys-sion to approve production at Hitem Inc.

economies in Canada and an un- Bank, southwest of Nova Scotia. A Mobil-led consortium discov- dian dollars.

that it planned to provide much of the financing needed to begin a \$5 said they believed that dwindling billion oil project off the coast of Newfoundland.

While some industry forecasters Chevron Corp., and two of the largest Canadian-owned oil concerns, the state-owned Petro-Canada and the price up, the consortium was Gulf Canada Corp., are also in the states to 700 million barrels. Mr. Masse is expected to an-

nounce that full production in the field would be achieved in 1995. However, the recent explosion and fire on a North Sea oil platform operated by Occidental Petroleum Co., in which more than 160 workers died, may lead to safety rules that would delay that plan.

bernia comes a month after it The government decision to pro- bowed to pressure from environceed with the project is regarded as mentalists and fishermen and anpartly a political one. Newfound-and, with a population of 575,000, gas exploration farther south in has one of the most depressed the waters around the Georges

employment rate of 15 percent. The The Canadian government is to oil platform is expected to be built make a start-up grant to the con-in a shippard in St. John's, and the sortium of about 1 billion Canadiould be in St. John's on Monday. several hundred jobs it would cre- an dollars (\$320 million), the indus-The industry sources said Mr. ate could help the ruling Conservatry sources said. The government tive Party, which must call an elec-tion before September 1989. would also provide loan guarantees for an additional 1.5 billion Cana-

### OECD Warns Yugoslavia **Must Control Price Rises**

Compiled by Our Staff From Dispatches

PARIS — Yugoslavia must reduce runaway inflation to break out of a victors circle of "stagilation" - a stagnating economy and high inflation — the Organization for Economic Cooperation and Development said in a report for release Monday.

In a survey of the Yugoslav economy, the Paris-based organization said, however, that reform measures taken or proposed over the

past 18 months should help promote efficiency by penalizing "economic failure" and improving economic policy instruments.

The report said Yugoslavia faced inflation running at an annual

rate of 250 percent before a partial price freeze was imposed last November. The rate has since remained around 90 percent.
But Belgrade said last week it had surged back to 175.5 percent in

June, and Prime Minister Branko Mikulic forecast a further deterio-In May, Mr. Mikulic launched an austerity program that curbed

wages, public spending and investment but freed prices and imports. He also cut the dinar's value by about 19 percent. The program should "greatly" help in coming to grips with "the destabilizing anticipation of inflation," which OECD economists said they believed had hindered rational decision-making

The plan links wages, public spending and credit expansion to "targeted rather than actual inflation" and should promote a more competitive environment, which would also help dampen price increases, the report said.

The program is combined with a tighter monetary policy and steps to curb wage increases and public spending until year-end.

To improve its payments position and attract convertible currencies, the report said, Belgrade must emphasize export-led growth rather than import substitution, adding. Yugoslavia is too small a country for even limited self-sufficiency." Mr. Mikulic said last week that up to two million workers could

lose their jobs as a result of austerity measures. (Reuters, AFP)

### HACHETTE Chairman's Message

Seven years have passed since I assumed responsibility for the Hachette Group's development, and I believe that we can look back with satisfaction on the progress achieved during this term. From a loss position in 1987, the Group was able to report a profit of FF 251 million in 1987, while revenues more than doubled over the same period, rising from FF 7,8 billion to FF 17,2

belion lost year. Today, operating responsibility for Hachette's multimedia activities is concentrated within four solidly based, autonomous divisions: Book Publishing, Magazine and Newspaper Publishing, Broadcust Film and Display and Distribution. Corporate management, for its part, sets Hachette's strategy and gools, as well as it works to lead motivate and control the Group. Whereas 1987 was marked by

Whereas 1987 was marked by strong growth in operating results sales up 17%, consolidated net income up 16,5%. It was in early 1988 that the countries. Indeed, I believe we can be groups, with projected 1988 revenues no? of FF 22 billion.

**General meetings** of the shareholders of Hachette S.A. held June 21, 1988

we will remain a multimedia group, continuing to develop the activities

of all four of our existing divisions, we will further develop our international presence already very significont as over half our revenues are generated from outside of France.

We will seek to become a world represent the service of leader in new market segments, as we have already become in the reference book and magazine sec-

Naturally, we will strive to maistain and develop all of our varied activities in France. We will also have to be strong to face up to powerful new competitors in the unified European market of 1992. We look forward to this deadline as an agressive chal-

Group took some major steps forward, proud of what we have accomplished.

With the acquisition, in rapid success And we want to go further. The talent With the acquisition, in rapid succession, of two major US operating bases, Hachette has emerged as one of the world's too five communications.

And we want to go further. The talent and the strength of our team allowed us died to allocate one action free share to be very ambificus, to become the world's too five communications. world's top five communications world leading multimedia group. Why of FF 15 held following division. Entitle-groups, with projected 1988 revenues not? Jean-List LAGARDERE. gust 12, 1988.

We are going to grow even stronger, in keeping with two strategic priorities:

The Ordinary General Meeting of Shareholders held June 21, 1988, decided on the allocation of a dividend of

tax credit of FT 15, giving total earn-ings per share of FT 45, compared with FT 36,75 for the previous financial per-

Following the Ordinary General Meeting, on Edwardinary General Meeting was held, during which a

FF 30 per share, with entitlement to a

certain number of financial and regulatory decisions were taken. The Board of Directors which met on the some day, decided on details and an agenda. It was decided to reduce the nominal value of shares to FF 15 and to divide

shares by ten. The date on which divi-

sion will take effect was set for July 22, The Board of Directors, with the author-

NOTICE OF REDEMPTION AND TERMINATION OF CONVERSION RIGHTS

#### ITO-YOKADO CO., LTD. (Kabushiki Kaisha Ito-Yokado) (the "Company")

5%% Convertible Debentures Due August 31, 1996

NOTICE IS HEREBY GIVEN, that pursuant to Article Four of the Indenture dated as of July 1, 1981 all, outstanding coupon Debentures and registered Debentures of the Company have been called for redemption on August 31, 1988 (the "Redemption Date") at a Redemption Price (the "Redemption Price") of 102.30% of the principal amount thereof.

Payment of the Redemption Price will be made upon presentation and surrender of the Debentures (in the case of coupon Debentures, together with all coupons appertaming thereto maturing after August 31, 1988), on or after August 31, 1988 at the Corporate Trust Office of The Bank of Tokyo Trust Company in New York City, 100 Broadway, New York, N.Y. 10005 or at the principal office in the city indicated of any of the following Paying Agents; The Bank of Tokyo, Ltd. in London; The Bank of Tokyo, Ltd. in Brussels; Morgan Guaranty Trust Company of New York in Brussels. From and after the Redemption Date, interest on the Debentures to be redeemed will cease to accrue. Interest maturing on August 31, 1988 will be paid in the usual manner.

CONVERSION OF DEBENTURES INTO COMMON STOCK

The Debentures may be converted into Common Stock of the Company or, at the option of the holders, into American Depositary Receipts, at the conversion price (with Debentures taken at their principal amount translated into Japanese yen at the rate Yen 280.20 equals U.S. \$1) of Yen 759.90 per share of Common Stock. The Company's Common Stock and American Depositary Receipts are issuable only in a Unit of 1,000 shares of Common Stock or integral multiples thereof. A cash adjustment will be made for any fraction of a Unit.

thereof. A cash adjustment will be made for any fraction of a Unit.

Each Debentureholder who wishes to convert his Debentures should deposit his Debentures (in the case of coupon Debentures, together with all unmatured Coupons) and a written notice to convert (the form of which notice is available from any of the following) with Morgan Guaranty Trust Company of New York, at its corporate trust office in New York City, 30 West Broadway, New York, N.Y. 10015 or with any of the paying Agents' offices specified above. SUCH CONVERSION RIGHTS WILL TERMINATE AT THE CLOSE OF BUSINESS ON AUGUST 29, 1988. BASED ON THE CONVERSION PRICE OF YEN 759.90 PER SHARE, A CLOSING PRICE OF YEN 4.290 FOR THE COMMON STOCK ON THE TOKYO STOCK EXCHANGE ON JULY 12TH, 1988, AND A CURRENT RATE OF EXCHANGE ON JULY 12TH, 1988 OF U.S.1=YEN 134.10, THE HOLDER OF A DEBENTURE IN THE PRINCIPAL AMOUNT OF U.S.\$10,000 CONVERTING ON THAT DATE WOULD HAVE RECEIVED UNITS (TOGETHER WITH A CASH ADJUSTMENT FOR A FRACTION OF A UNIT) HAVING A VALUE OF U.S.\$39,159.00 THE U.S. DOLLAR EQUIVALENT OF CONVERSION ON A LATER DATE WILL BE AFFECTED BY CHANGES IN THE PRICE OF THE COMMON STOCK AND IN THE RATE OF EXCHANGE, AND BY ANY ADJUSTMENT OF THE CONVERSION PRICE.

ITO-YOKADO CO., LTD. By: The Bank of Tokyo Trust Company

Dated: July 18, 1988

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Hanson division managers in

holders benefit," Mr. Taylor said.

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Equities Trading

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Issue		Amount (millions)	Mat.	Cour %	D. Price	Price end week	Terms
FLOATING R	ATE NO	TES					
Flora 2		\$ 58.8	1993	14	100,10	_	Over 6-month Libor. Noncollable. Fees 0,10%. Denominations \$100,000.
National Wes Bank		\$100	2003	14	100		Over 3-month Libor, but spread over Libor may vary ea quarter. Redeemable at par on every interest payment da
Dresdner Fino		000,1 MD	1998	1/32	100	99.77	Over 3-month Libor. Radeemobile at 99% in 1993, Fe 0.25%.
Ente Ferrovie Stato	delio	m. 150,000	1996	1/16	100	100.1	Over 6-month Libor, unless this is at least ½ over the samp gross yield on 6-month Traceury bills plus ½, in which co the latter rate will apply, Collable at par in 1989. Fees 0.79
PKBanken		Y 5,000	1992	0.02	101%	_	Over the Japanese long-term prime rate, semionnual Redeemable and collable in 1991, with redemption amouther and at maturity linked to the performance of the Nild 225 stack index. Fee 1975, Denominations 100 million ye
Royal Bank of Canada		Y 8,000	1992	ltpr	101%		Semiconnual coupon will be set of a morgin over the Japane long-term prime rate to be determined July 26. Redeemal and called in 1991, with redemption amount then and racturity linked to the performance of the Nilkei 225 sto index. Fees 14%.
FDCED-COUP Creditoristati	<u> </u>	4100					
Bankverein Intel Investmen		\$100	1995	91/4	1001/2	98.63	Noncollable, \$50 million issued now and balance reserve for top. Fees 195%.
Nippon Telegr		\$ 50 DM 400	1989	10_	102%		Noncollable. Fees 71%. Denominations \$1 million.
Telephone Federal Nation	_		1995	6	1011/2	98.80	
Mortgage Asse Ente Ferrovie	xiation	FF 500	1993	81/4	100%	97.75	of 100,000 francs.
Stato GMAC Canaid		m. 150,000	1993	10½	107		Noncollable. Fees 1%%.
Philip Morris C		cs 100 cs 125	1993	10%	707%	99.50	Noncolloble. Fees 18%.
BM (Australia)		Aus\$ 75	1990 1992	10%	101	99.75	Noncollable. Fees 11/5%.
BNP Pacific Au		NZS 60	1991	14%	101%	99.90	Noncoloble. Fees 13%.
Credito Italian		Y 5,000	1993	61/2	101%		Noncollable. Fees 11/1%.  Redeemable and callable in 1991, with redemption amouthen and at maturity linked to the performance of the Nilds.
Girozentrale & der Oesterreid Sparkassen		Y 5,000	1993	51/4	101%		225 stock index. Fees 1%%. Denominations 100 million yes Nancoffable. Fees 1%%. Denominations 100 million yes.
Girozentrale & der Oesterreid Sparkassen		Y 3,000	1993	21/4	101%	_	Coupon will be 24% the first 2 years and 71% thereafte Noncallable. Fees 11%. Denominations 100 million yea.
CUITY-LINK	 BD						
C. Itoh Fuel	•	\$ <i>7</i> 0	1993	41/4	100	97.25	Noncallable. Each \$5,000 note with one warrant exercisable reac company's shares at 1,179 year per share and 133,40 years dollar. Fees 214%.
Daido Steel		\$100	1993	open	100	102.00	Coupon indicated at 44%. Noncallable, Each \$5,000 not with one warrant exercisable into company's shares at a supercled 25% premium. Peer 24%. Terms to be set July 21
spirito Santo inancial Holdii	 Nos	\$100	2003	6	100	102,13	Redeemable at 116 in 1993 to yield 8.51%. Convertible at \$2 per share, a 14.29% premium, Fees 21/5%.
litochi Metals	<u> </u>	\$240	1993	open	100	99.63	Coupon indicated at 44%. Noncollable, Each \$5,000 not with one woment exercisable into company's shares at a expected 24% premium. Fies 21/%. Terms to be set July 20
lokuriku Bank	· ·	\$100	2003	open	100	97.25	Seniamual coupon indicated at 31/%. Callable or 103 is 1993. Conventible at an expected 5% premium. Fees 21/% Terms to be set July 22.
(00		\$200	1993	open	100	<i>97.7</i> 5	Coupon indicated at 446%. Noncollable, Each \$5,000 not with one warrant exercisable into company's shares at a expected 257% premium. Fees 26%. Terms to be set July 19.
Viitsubishi Cable ndustries	<b>.</b>	\$120	1993	41/4	100	96.50	Noncellable. Each \$5,000 table with one warrant exercisable into company's shares at 820 yen per share and at 134.66 yen per cloter. Fees 26%.
Nankai Bectric Kailway		\$100	1992	31/2	100		Noncellable. Each \$5,000 note with one warrant exercisable into company's shares at 1,415 yen per share and at 134.50 yen per dallor, Faes 26%.
lichii	· · · · · · · · · · · ·	\$100	1992	3%	100	100.50	Noncalibble, Each \$5,000 note with one warrant exercisable riso company's shares at 2,450 yen per share and at 134.60 yen per dollar, Fees 24%.
yosan	-	\$150	1993	41/4	100	96.75	Noncollable. Each \$5,000 note with one warrant exercisable nito company's shares at 3,763 yen per share and at 133,85 yen per dollar. Feet 25%.
			1993	41/4	100	- 1	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at 976 yen per share and at 134,10 yen per dollar, Fees 24%.
ekisui Plastics		\$ <i>5</i> 0	1770				
	ent	\$ 50 \$100	1992	3%	100	_	Noncaliable. Each \$5,000 note with one warrant exercisable
umitomo Ceme		. ·			100	97.00	Noncellable. Each \$5,000 note with one warrant evercisable into company's shares at 700 yen per share and at 134.10 yen per dollar. Fixes 234%.  Noncellable. Each \$5,000 note with one warrant exercisable.
ekisui Plastics urnitomo Cerne ayo Tire & Ruk aohan Departi tore	ober .	\$100	1992 1993		100	97.00 97.50	Noncellable. Each \$5,000 note with one warrant exercisable into company's shares at 700 yen per share and at 134.10 yen per dollar. Fees 26%.  Noncellable. Each \$5,000 note with one warrant exercisable into company's shares at 682 yen per share and at 134.60 yen per dollar. Fees 24%.  Coupon indicated at 44%. Noncellable. Each \$5,000 note with one warrant exercisable into company's shares at an
oyo Tire & Rut	ober .	\$100 \$100	1992 1993	4%	100	97.00 97.50 97.00	Noncellable. Each \$5,000 note with one warrant exercisable into company's shares at 700 yen per share and at 134.10 yen per dollar. Fast 254%.  Noncellable. Each \$5,000 note with one warrant exercisable into company's shares at 682 yen per share and at 134.60 yen per dollar. Fast 254%.  Coupon indicated at 456%. Noncellable. Each \$5,000 note

### **DOLLAR:** Trade Report a Green Signal for Currency

(Continued from Page 1)

COSAG Computer

compared with the dollar's advance against the mark. But if the dollar were to pierce 137 yen, Mr. Kepler said it could then soar, possibly as high as 152 yea.

The only really skeptical note among technical analysts was struck by Steven Blitz of Salomon Brothers Inc. He remained "a bit dubious" that the dollar had made a "fundamental turn" from the record lows set early this year of 1.5816 DM and 121.15 year.

"I think the real test is going to occur over the coming weeks, when we should see a bit of a dollar pullback," he said. "I expect very strong resistance at 1.90 DM that could weak the dollar all the way could push the dollar all the way back to 1.80 DML

"In terms of resistance, the critical level against the yen is 136-137, and in terms of support, 130 yen."
Asked why his numbers were so rounded when others cited resistance and support levels to four decimal places, Mr. Blitz said: "Look, this isn't rocket science,

O.K.? I could come up with a number of 10 decimals, but you proba-bly wouldn't believe it. What's important is the benchmark neighborhood where we could see

these two currencies. The charts also tell me that this trend is getting to levels, not only in terms of absointe levels but also in terms of momentum and other types of technical indicators, where the rally is rates below those, the market

starting to lose a little steam. "As a consequence, we are much more vulnerable to a setback than several weeks ago. Given that vulnerability, I would be long the dollars recovery until it had tested those lar, but I wouldn't be blind bull. I'd lows.

"Rather than commit myself to for this bottom in the dollar to be be very cautious. stating that we've absolutely seen realized fully, I would need to see the dollar lows for this cycle, I'd some strength of support in marthe dollar lows for this space, we have the rather say that the probability is rather say that the probability is ket," he said.

I want to see that this space in 60-40 in favor that we have. We ou-su in ravin that we have an impending pullback that I the dollar was not just a speculative tion.

that is the situation."

DM 60 1993 5% 110

Why the pullback?

"Because markets do not move in straight line forever, you tend to adding "that's what I want to see get periods of at least plateaus, if not pullbacks. It's just human na-ture. People who have long dollars earned good profits. Why not take some profits and see what hap-

That's what all the momentum statistics are saying — that people are just not coming into the market with the same momentum as be-

Intervention would be more effective if the administration signaled a desire to stop the dollar's rise.

fore. You can see that in the price action: It's going up, but not with the same comph. The key test during any pull-

back, Mr. Bhitz said, is whether the very good selling pressure.

retreat takes the dollar below 1.80

The charts now tell me I should

DM or 130 yen. A deeper fall be long [buying] the dollar against would change the shape of the graphs, making a design that chartists would consider ominous.

For Mr. Crane, the breakpoints are 129.60 yen and 1.8100 DM. If the dollar were to fall to closing would "go into a totally new technical environment," he said.

Mr. Blitz indicated he would re-From a technical point of view,

realized fully, I would need to see

think will determine whether or not spike, that there really are some downright dollar buyers."

tested "Looking at monthly charts, the market appears to have turned the corner. But the daily and weekly

charts say we are nearing some sort of sell-off, and I want to see quality of support during that sell-off. If see high-quality support at good levels, then I become more confident that what appears to be a turn in the dollar is indeed a turn. Right now, it's a bit too soon to tell.'

Asked whether the concerted official intervention changed anything, Mr. Blitz said that "from a technical perspective I could care less about central banks — they can only push the dollar in a direc-tion it wants to be pushed. We have had a tremendous rally in the dollar, and the market is tired. The technicals tell you the market's very susceptible to a sell-off. As a consequence, strong central bank elling will be very successful here in driving the dollar down."

Analysts said official intervention would be more effective if the Reagan administration signaled its desire stop the dollar's rise.

"When the Fed intervenes," said Lawrence Kreicher, a Merrill Lynch & Co. economist, "we don't know if it's intervening for itself, for the Treasury or executing an order from foreign central banks.
"You can't read what the admin-

istration wants from what the Fed is doing. Up to now, the adminis-tration has been silent, validating the dollar's increase."

As for the Eurobond market, Morgan Guaranty Trust Co. of New York's syndicate manager, Joe McHale, said that "it scored a nine on the Richter scale of boredom" last week. Uncertainty about the trade report and its impact on the dollar as well as anticipated increased interest rates sidelined participants not already on vaca-

### Prices Drop HANSON: The Unashamed Giant of Acquisitors Doesn't Intend to Stop

### As Concerns **On Inflation** Continue

Compiled by Our Staff From Dispatches NEW YORK - The U.S. bond market posted a small loss last week as inflation concerns over- ed Paul Burke of Kleinwort Grievecame the dollar rally generated by a son Securities in London. But since favorable trade report.

ments from Alan Greenspan, the

#### U.S. CREDIT MARKETS

Federal Reserve Board chairman, market by 5 percent. He indicated to the Senate Banking Committee that the Fed was determined to fight inflation.

year Treasury bonds that mature in combined to help sentiment 2018 fell ½ point for the week to Hanson," he said. Since the company was esta percent from 9.10 percent.

"I think the most significant

want the economy to grow at the 4 talking about billions of pounds."

about 2% percent, he said. By en-percent of the operating profit de-couraging higher interest rates, the rives, will be difficult, analysts note. central bank could dampen growth.

forecasts and are limiting their in- 1969 and became one of two vice vestments to short-term securities chairmen of the group this April, rising interest rates than those of has plenty to "digest" from earlier

longer-term issues.

Edward Sporl, a portfolio management in Larkspur, California, said, "The economy is stronger now than it was acquisitions, namely last November's \$1.7 billion cash buyout of the U.S. conglomerate Kidde Inc., up to a third of which may be spun off. But Hanson, he said, has no when interest rates were lower." He plans to back off from expanding estimated growth of 3 to 4 percent in current operations through capital coming quarters, an expansion fast expenditure, nor will it abandon enough to cause a gradual rise of the acquisition trail.

will foster only small increases in short-term rates.

The dollar surged after the trade

#### (UPI, NYT) change reasonably quickly - and

important if it is only another analytical tool in addition to the other conomic indicators already used by the seven countries.

Those governments that see the ndicators simply as aids to reflection said their position was accept-ed in Toronto. The summit communique said the seven countries welcome the progress made in refining the analytical use of indicators, as well as the addition to the existing indicators of a commodity-

The commodity price index is sure," not automatically. intended "to inform discussion Nevertheless, a senior along with the other indications," the British official said. "I don't tion process now under way "can think there has ever been any at be seen as surveillance in the maktempt to build a policy rule around

trade surpluses, West Germany ropean Community but would be and Japan, are particularly op-much more difficult between the posed to the idea that there should three major areas represented by be a "mechanical" link between the the G-7 - North America, Europe indicators and national economic and Japan — where the economic policies, requiring automatic policy corrections if the indicators showed

cies, to speed up its growth rate for instance, that would be politically

Alfred H. Kingon, U.S. ambassador to the European Community, said the next step in the economic

**World Bank Earned** 

NEW YORK - The World Bank earned \$1 billion in the year ended June 30, despite a sharp increase in loan-loss provisions and the forgoing of interest on about \$3

billion in loans to eight countries. But a \$421 million increase in loan-loss reserves, to \$500 million, contributed to a drop in earnings from \$1.11 billion.

(Continued from first finance page) kept the City of London fairly impressed by having achieved compound growth in earnings per share of 35 percent. Analysts were somewhat disappointed when those carnings grew by only 10 percent in this year's first half: They had ex-

pected 12 percent. Hanson's share price over the past year has underperformed the London market by 25 percent, notthe announcement in May of a The inflation fears, however, half-year pretax profit growth of 14 were partly eased by midweek compercent, which both the company and analysts called impressive, and a stronger than expected balance sheet of £3 billion in cash, Hanson's shares have outperformed the

The good interim results, a strong balance sheet and the favor-able movement in the dollar-The price of the bellwether 30- /pound exchange rate have all

Since the company was established, Hanson has each year in-'Greenspan's comments were creased its earning per share, a goal positive. They kind of steadied up a foremost in management's thinkmarket that had started to get ing, according to Mr. Taylor, who weak," said S.E. Canaday Jr., vice coordinates British operations and president in charge of pricing new-issue bonds at John Nuveen & Co. Atlantic.

Much of that earnings growth statement he made was that he has come through a barrage of sucwasn't about to raise the discount cessful, self-financing acquisitions. rate." Mr. Canaday said. "What he The concern now among market really meant was that he didn't feel watchers is whether Hanson has a major tightening of credit was become too big to continue expanding at a significant rate.

ployment rate moving close to 5 the London brokerage Phillips & percent and 83 percent of factory Drew. "For any further acquisition capacity in use, the inflation threat to have a positive effect on profits, was sufficient for the Fed not to it will have to a megabid; we're

Finding a target of that size, par-It would prefer a growth rate of ticularly in Britain, from which 60

Mr. Taylor, who joined Hanson Many investors concur with such PLC from Dow Chemical U.K. in whose prices fall less in periods of says that Hanson, for the moment

or June posted a 0.4 percent rise. value to the business in question."

### COMMODITIES: G-7 Divided

But its composition is much less

price indicator."

The existing indicators include standard economic measurements such as national growth rates, inflation, unemployment, trade and domestic demand figures.

The two major countries with quite well inside the 12-nation Eu-

an economy deviating from its ex-responsibilities under the new syspected path. Germany, especially, fears that it ment among the seven countries on could be forced into adopting poli-

unacceptable at home. Officials of some of the countries with deficits, however, would like to use the indicators for precisely such a purpose. At the same time, some Reagan administration officials would like to use the gold and commodity index not just as an analytical device but as a yardstick for measuring currency values.

coordination process should per-haps be to find "a better measuring device," a universal standard to determine when currencies were "veering off the mark."

The reference device need not be

#### \$1 Billion in Fiscal Year New York Times Service

Tax Exercit Bonds Bend Sayer 28-Bond Index Meery Morket Funds Desoglaps's 7-Day Average 6,93% Bank Makey Market Accounts Bank Rate Montter Index 577% Home Martsons, PHLB overage Source : New York Times.

### that's what any management team

must be about — and this generally comes through the bottom line." He said the group's balance sheet was in good form, with net cash

running at £500 million per year after dividends. What Hanson has done to near perfection is to acquire unwieldy and often poorly managed compa-nies in mature, basic industries at an

'For any further acquisition to have a positive effect on profits . . . we're talking about billions of pounds.' Mark Sheppard,

opportune time and then to dispose of pieces of those companies at a price that will offset the original cost and leave the core, high-yield businesses under the Hanson umbrella.

drink assets Hanson acquired in its

contested £2.54 billion takeover of

Imperial Group PLC in April 1986.

Australia-based Elders IXL in No-

vember 1986 for £1.4 billion; the

sale in February of the frozen food maker Ross & Young to United Biscuits (Holdings) PLC for £335 million and the sale of various ca-

tering companies to the Trusthouse

Forte PLC hotel group for £189

million, it has put the total amount recouped at about £ 2.31 million

and left intact Imperial's core to-

Analysts expect imperial's to-

After the 14 percent rise in pretax

profit for the first half to £356 mil-

ion, analysts expect Hanson to post a full-year pretax profit of £835 mil-lion to £860 million, up sharply from £741 million a year earlier. Other than tobacco, Hanson's main divi-

sions include consumer goods, cen-

tered on electronic typewriters and Eveready batteries; industrial products, centered on chemical and

brick-making units; and building

Hanson has recouped more than

chase of the New York-based SCM Corp., the Smith Corona elec-

the acquisition price in two other major takeovers: its January 1986

tronic typewriter group, for \$927 million, and its November 1986 purchase of the California-based

Kaiser Cement Corp. for \$250 mil-

"Kaiser and SCM cost us \$1.2

billion, but we've realized more than that cost from sales that we've

r regulations.

AMSTERDAM DEPOSITARY

COMPANY N.V.

Amsterdam, 7th July, 1988.

products.

bacco earnings to contribute about £180 million to Hanson's profit in

the fiscal year ending Sept. 30.

Combined with, among others, the spin-off of Courage brewers to

London analyst

A case in point: This month's £199 million sale by Hanson of HP Foods Inc. and Lea & Perrins Inc., the makers of two major British condiments, Worcestershire sauce and HP sauce. This sale, to BSN, France's largest food company, was the last major disposal of food and

But Stuart G. Hoffman, vice president of the PNC Financial Corp. in Pittsburgh, said that with an unempart, and that with an unempart, and the property and the

inflation and interest rates.

As long as inflation is rising being told that "the next time Hangradually, Mr. Sport said, the Fed son has to bid for ICL," Britain's largest industrial group. "First of all, there are many small- or mid-sized The government said Friday that companies to look at from an add-on the U.S. merchandise trade gap point of view. There are a whole grew \$634 million in May to \$10.93 range of bid possibilities we're interbillion, which was in line with ex-pectations. The government also it as adding value to Hanson's shareeported the producer price index holders and our being able to add

"We're a strongly cash-generative eport, but its rise gave only a slight company, with an excellent balance bond market on Fri- sheet. With an ability to affect

### made, totaling \$1.3 billion," Mr. Taylor said. "We have remaining three excellent businesses, which (Continued from first finance page) gold, he said. But the adoption of the commodity price index could

be a "small but very significant step ADVERTISEMENT CASIO COMPUTER CO., LTD. If a country's currency was

The undersigned announces that as from 25th July 1988 at Kas-Associatie N.V., Sprist rati 172, Amsterdam, div. ep. nº 27 (accompanied by an "Affidavit") of the CDRs Castio Companier Co., Ltd. will be psyable with Dfla. 18,10 net per CDR, repr. 100 shs. and with Dfla. 181,— net per CDR, repr. 1,000 shs. (Div. per record-date 20.03.1988; gross Yen 14,— p. a.h.) after deduction of 15% Japanese tax = Yen 210 = Dfla. 3,190 per CDR, repr. 1,000 shs., Yen 2,100 = Dfla. 31,90 per CDR, repr. 1,000 shs., Without an Affidavit 20% Jap. tax = Yen 280 = Dfla. 34,260 per CDR, repr. 1,000 shs., will be deducted. After 20.10.1988 the div. will only be paid under deduction of 20% Jap. tax rssp. Dfla. 17,03; Dfla. 170,30 net per CDR repr. rep. 100 and 1,000 shs. carch, in accordance with the Japanese tax regulations. shown to be moving away from its predicted course, the government concerned would take steps to correct the deviation by economic policy actions, such as reducing taxes or balancing its budget, Mr. Kingon said. But there would not be target zones for exchange rates, backed by massive intervention. European officials, on the other

hand, insist that the commodity index must not be used as a yardstick for currency values and that economic policy changes should be brought about only by "peer pres-

Nevertheless, a senior European official said the policy coordinaing, going beyond peer pressure." Such a system is already working

imbalances are much greater.

One of the obstacles to defining tem is that there has been no agreenating the U.S. trade deficit and German and Japanese surpluses, he

And the United States' partners are aware that not much more can be done until after the U.S. elections, when the new American administration will have to decide how it wants to take the process

### **Treasury Bonds**

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ı	Moturity	Bid	Ask	Yield	yleid
ı	31.12.89	99 14/32	99 14/22	8.26	8.24
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ı	1501.95	99 26/22	99 21/22	8.91	8.89
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	2000	<del></del>	_		
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#### **U.S. Consumer Rates** July 15 7.77%

together produce an effective \$300 team and that demands that we million trading profit." aren't in business of second-guess-But doesn't that all add up to ing people running business," said aren't in business of second-guess-ing people running business," said Mr. Taylor.

asset striping?
"Absolutely not," Mr. Taylor responded. "We've never sold assets Britain have been known to get bo-

needed in any business. We've sold nuses equal to 100 percent of salary. whole businesses to people who "We try to ensure that they know valued them more highly than we they will benefit in cash if share do, which is only appropriate."

He said Hanson regarded the

U.S. market "as more of a sellers" market than a buyers' at the moment," suggesting that the focus would continue to be on disposals He said, however, that Hanson always had a receptive car to acquisition proposals and confirmed that the group was approached by Carl C. Ichan, the American investor, during the latter's bid to take control of Texaco Inc.

"We've got an awful lot to do with Kidde, and will perhaps dispose as much as a third of it," Mr.

"We've already realized some \$100 million from Kidde disposals," he added. "Kidde has strong brand names, Jaccuzzi and Universal among them. We have no need to sell, and will sell only if offered a price Lord Hanson and Sir Gordan, retire that is more than we expect to be able to move the business towards show, with all the risks attached of

over a reasonable amount of time." Hanson executives have insisted Such doubt has contributed to the that much of the secret of their dull performance of Hanson's success has been leaving day-to-shares in recent months, which have day control in the hands of local hovered at about 130 to 145 pence agers. Sir Gordon has said that on the London Stock Exchange the guy who makes the money for the company is the guy who runs

nize budgets and examine the heirs apparent. return on capital employed. Of the return on capital employed. Of the 12 members of Hanson's board, six are already doing substantial jobs; are certified accountants.

The main job of the 35 top exec- always ask us about it. We've never utives in London and the two doz-en or so in New Jersey is to scruti-competitive environment to create

"James and Gordon have no

plans to retire for four or five

years," said Mr. Taylor. "People

"We've got a very small central ball."

#### **Notice** U.S. \$75,000,000 **IC Industries Finance Corporation**

Guaranteed Floating Rate Notes due 1991 n accordance with the provisions of the Notes, notice is hereby giver that for the interest Period from July 15, 1988 to January 13, 1989 the Notes will carry an interest rate of 89%, per annum. The interest

payable on the relevant interest payment date January 13, 1989 agains

By: The Chase Manhattan Bank, National Association, New York Fiscal Agent

Coupon No. 19 will be U.S. \$44,55.

### TRANSPACIFIC FUND

Société Anonyme

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of TRANSPACIFIC FUND

will be held at its registered office, 14 Rue Aldringen, Laxembourg, on Tuesday, July 26th, 1988 at 11:00 a.m. to discuss and vote upon the foliowing agenda: 1. The report of the Board of Directors for the financial

period ended 31st of March 1988;
2. The report of the auditor;
3. The accounts for the financial period ended 31st March

The allocation of the net profits, and the determination of amount and date of payment of the dividend;
 Quitus of the directors and the auditor for the financial period ended 31st March, 1988;

7. Other matters. The resolutions on the agenda of the Annual General Shareholders Meeting do not require a specific quorum and will be adopted if approved by a majority of the shares present or represented.

To attend the Annual General Shareholders Meeting of July 26th, 1988 the register of stockholders five working days prior to the Meeting and owners of bearer shares should deposit their shares at least five working days prior to the meeting days prior to the meeting with one of the following banks:

BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET

3, Avenue Hoche, Paris 8<sup>e</sup>; ALGEMENE BANK NEDERLAND N.V.

32, Vijzelstraat, Amsterdam: BANK MEES & HOPE N.V. 548, Herengracht, Amsterdam C; BANQUE GENÉRALE DU LUXEMBOURG S.A.

14, Rne Aldringen, Luxembourg; -SOCIÉTÉ BANCAIRE BARCLAYS (SUISSE) S.A.

THE BOARD OF DIRECTORS



### Jarden Morgan Europe

68-70 boulevard de La Pétrusse, 2320 Luxembourg The Directors of Jarden Morgan Europe have announced a Net Group Operating

Profit after tax of US\$ 7.7 million for the period from date of incorporation 8th May 1987 to 31st March 1988. A final dividend of 10 cents per share has been recommended by the Directors

and, if approved by shareholders at the Annual General Meeting to be held in Luxembourg on 25th July 1988, will be paid to shareholders. The principal activities of the group are corporate advisory services, investment banking, stockbroking and international trust and corporate management. The

Directors are pleased to report that operating subsidiaries have been established in London, Gibraltar, Jersey and Paris. Trading conditions and performance levels have been maintained since 31st

March 1988, and, barring unforeseen circumstances, the Directors are confident that comparable 1988 results will be exceeded in the current year.

Financial Highlights	
Group Net Profit after tax (\$ millions)	US\$ 7.7
Earnings Per Share (Cents) (Based on an issued capital of 25,000,000 shares)	30.8
Net Asset Backing Per Share (\$)	2.27
Shareholders' Funds (\$ millions)	56.6
Total Assets (\$ millions)	115.2
Dividend per Share (Cents)	10
USTED IN LUXEMBOURG AND NEW ZEALA	ND

For further information and copies of the Report and Accounts please contact: Wayne V Reid, Jarden Morgan Europe (UK) Ltd 1-11 Hay Hill, London W1X 7LF Telephone: 01-493 3003

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Gicorp More

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The week began on a bullish note

with the Nikkei gaining 68.91 yen Monday and 113.85 on Tuesday, as

investors reacted favorably to re-

ports that the central banks of the

major Western nations had reached

agreement on ways to stabilize for-

On Tuesday the Nikkei average

rose to the 28,000-yen level for the

first time since June 20, ending the

day at 28,099,84, and held above it

ednesday and Thursday. But it fell back 170,29 yen Friday

as many investors retreated to the

sidelines ahead of the announcement of the U.S. trade figures.

eign exchange rates.

Zurich

### Citicorp Move May Signal Tarnished Gilt Market

LONDON —A decision by Citi-corp to ead its market-making operations in British government bonds may lead to a shakeout mong primary dealers in the secu-

fines, analysts and traders said.
Citicorp Scrimgeour Vickers Securities Lid. ceased market making in the bonds, known as gilt-edged securities, on Thursday night, saying it could not achieve an acceptable rate of return in the competitive London market. Fifty-six staffers were affected, but Citicorp said it hoped it could absorb them

Citicorp's withdrawal comes as the overcrowded gilt market prepares for new competition from

soon. Primary dealers' profit margins are also being squeezed by low

A Citicorp spokesman denied any relationship between the withdrawal and the pending entry of Nomura and Darwa.

News of the withdrawal was disturbing for many primary dealers because of Citicorp Vickers' top ranking in the market.

Market analysts said they thought Citicorp controlled 6 to 10 percent of gilt trading, and its overall market share earned it the No. 3 spot in a primary dealer ranking issued last spring by the U.S. consulting firm Greenwich Associates.

licites Nomira International Ltd. and Daiwa Enrope Ltd., which are due to start trading in London "There could be a knee-jerk reac-

**NASDAQ National Market** 

OTC Consolidated trading for week ended Friday.

Thinning
Thi

Chicago Exchange Options

C N W 1644 C 164

Hornest 4% Hornest 15% 15% Hornest 46% 46%

314 276 1-16 1-16 316-44-4

based, firms may have difficulty justifying their commitments as

Primary dealers are licensed to gland and are required to make in gilts are thought to have significontinuous two-way prices on the full range of gilt-edged securities outstanding.

"There's been talk that [Citicorp] suffered some significant trading losses earlier in the year, but whether that's true, this seems to indicate something about their general com-mitment to the market," one econ-

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But for others, Citicorp's with-drawal was seen as a sign that for-eign-based, and particularly U.S.-the decisions are made overseas." "Citicorp may be evidence that

market share is not the key to profitability," another analyst said. Less than half of the remaining deal directly with the Bank of En- seven U.S.-based primary dealers

> Rumors of layoffs and potential withdrawals began surfacing in May with a sharp drop in gilt-mar-ket activity. Volume has recovered slightly, analysts said, but a British borrowing surplus is expected to inhibit new bond issues for the rest of the year.

mnument to the market," one economist said.

"Like other American firms, Citicorp was viewed as having high overheads, expensive talent and a rather sophisticated technology sys-

#### WORLD STOCKS IN REVIEW / Via Agence France-Presse

#### Amsterdam

After a midweek fall, prices on the Amsterdam Stock Exchange re-covered with the ANP-CBS general index closing at 266.6, off just 2.9 points from the previous Friday.

sponded warmly to the moderate U.S. deficit. Prices moved ahead strongly on a broad front, with AKZO in the vanguard, led by a strong dollar sharply up on good

Stocks declined for the first three trading days, then recovered somewhat Thursday and Friday, with the Commerzbank index closing at 1,494.8 points, off from 1,507.3 a

Volume on the eight West Ger-

The market was depressed early in the week by profit-taking and incertainties about interest rates. It rallied as the feeling grew that the Bundesbank would not raise rates. Electronics were hurt by forecasts

West German computer market. Nixdoof lost 6.50 DM to 452, Siemens 1.50 to 431 and PKI 3 to 597.

Asko, a distribution company, jumped from 914 to 950 on good

Hong Kong

Trading was sluggish as investors awaited the U.S. trade figures, released after the close Friday.

Trading was sluggish as investors awaited the U.S. trade figures, released after the close Friday.

Gains early in the week on Wall

downward trend to 1,037 billion previous Friday. Hong Kong dollars after the previ-ous week's 1.065 billion dollars.

#### London

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Financial Times 100-share index halted trading several times. decline 15.7 points to 1,861.5. The The Straits Times industrial in-

ward interest rates and the U.S. trade figures for May, then rethere was little follow-through

Total turnover reached 5.606 billion guilders, against 6.510 billion the previous week.

#### Frankfurt

man exchanges came to 17.5 billion DM, up from 17.3 billion.

lire, up from 138 billion.

earnings, while Feldmühle Nobel, Standa depends, finished 2.6 per-in chemicals, paper and explosives, cent higher, with Standa shares up lost 24.50 to 271.

Street helped the Hang Seng Index hit a post-crash high of 2,772.53 points Tuesday. It fell 28 points Wednesday and closed Friday at 2,740.70, off 12.20 for the week. The broader based Hong Kong Index fell 8.11 points to 1,811.61. Average daily turnover continued

stocks providing the only bright points for the week spot Monday, continuing a strong Popular issues, advance after announcement a few Chong Motors, Kep

days earlier of a major arms deal with Saudi Arabia. Thursday, statements by Chancellor of the Exchequer Nigel Lawson hinting that further U.K. interest

rate rises might be necessary de-pressed an already uncertain mar-ket. Friday, the U.S. trade figures limited earlier losses and the indices finished the week with a slight fall. A spate of takeover rumors affectat the electrical concern BSR, the merchant bank Morgan Grenfell and the food group Ranks Hovis. British Aerospace, in which trading had been suspended Wednesday

pending a statement concerning the acquisition of Rover, fell 5 percent Friday, then moved ahead strongly toward the end of the session.

#### Milan

Stocks marked time, with the Comit index closing at 510.24, up from 509.51 the previous Friday. Daily volume averaged 145 billion

of an impending slowdown of the when it was reported that the Ferruzzi Group had sold the Standa department store chain to Finin-vest. While there was no official confirmation, the Ferruzzi subsidiary Iniziativa Meta, on which

a modest 0.8 percent. Other Ferrizzi Group shares fell: Montedison by 3.6 percent and Fer-ruzzi Agricola by 2.3 percent.

Bourse prices fell markedly in a 354.1 points, down from 368.5 the

Singapore
Trading ended the week on a positive note, despite breakdowns A particularly dull week saw the in a new electronic system that

week began with military-related dex closed at 1,130.96, up 37.29

Popular issues, such as Tan Chong Motors, Keppel Corpora-tion Warrants and DBS Land, continued to head the active list.

Tuesday the oil sector was de-pressed by a fall in crude prices. just more than 100 million units.

#### Tokyo

Share prices fell slightly on the Tokyo Stock Exchange in heavy but erratic trading centering on rel-atively low-priced blue chips such as steel, shipbuilding, shipping and high-technology issues.

The key market indicator, the

Nikkei stock average, closed the week Friday at 27,913.79 yen for a 3.29 yen weekly loss after a 554.56 yen gain the week before. The exchange's composite index of all stocks listed on its first section fell 11.59 points from a week earlier to close at 2,186.42. It had gained 48.94 yen the preceding

Stocks dipped slightly for the week, with the Credit Suisse index finishing at 471.1, off from 475.0. Chemicals, analysts said, should enjoy a good rise this week as two. leaders, Ciba-Geigy and Hoff-mann-La Roche, announced very good earnings for the first half. Industrials, especially machinery, were expected to be strong, too,

**AMEX Most Actives** 

### helped by the dollar's strength. Wall Street Review

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### **MONDAY SPORTS**

### Mod Couples: Naughty, Nice

By Peter Alfano New York Times Service NEW YORK - Pssst. Have

you heard? Mark and Brigitte are splitsville, just like the Boss and Julianne, Gastineau and Nielsen seemed so right for each other too, a hunk and a hunkette, pumping iron till death do us part. It lasted six months.

And surely you've heard about Wade Boggs. He is being sued for \$6 million for breach of contract by a woman who says she was his constant companion on road trips. Boggs, who is married, admitted to having an affair with Margo Adams, whom his agent new accuses of "prostitution and extortion."

Not at all by the way, superstar Wayne Gretzky got married Saturday. There were perhaps a half-dozen people in North America who did not attend. Gretzky and actress Janet Jones are hockey's version of Charles

And did you think that you would see the day when Robin Givens and Madonna had something in common? Both, it seems, married pugilists. The difference is that Mike Tyson gets paid to fight; Sean Penn gets arrested. Sports is not immune from the

<u>ACROSS</u>

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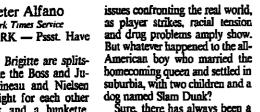
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21 Left on



Sure, there has always been a glamorous side to sports. Joe Di-Maggio married Marilyn Monroe, and that's as glamorous as it gets. For the most part, though, wives of professional athletes were rarely seen or heard.

Although that may still be the rule, there now are enough ex-ceptions to place athletes on equal footing with rock stars and actors in the celebrity pecking order. People magazine recently featured Tyson and Givens on the cover in a romantic pose, while reports about Bruce Springsteen's separation from his wife, actress Julianne Phillips, played second fiddle.

Mark Gastineau's brief fling with Brigitte Nielsen — Sylvester Stallone's former wife — introduced the New York Jet defensive him a fixture on the gossip pages.

Darryl Strawberry's marital

problems were front-page news for some papers. Keith Hernandez talked openly about his di-



Wayne and Janet: A thumbs-up wink after Saturday's ceremony. fined to just the sports pages.

vorce, which was especially acri-

monious. Some details of Chris Evert's marriage, separation, reconciliation and divorce from John Lloyd were better known than her results on the tennis court.

There are other high-profile marriages and relationships as well. Jimmy Connors's wife, Patti. posed in the nude for a reputable magazine, as did Gretzky's fiancée. John McEnroe and Ta-tum O'Neal are not exactly the low-key couple of the month. Then, there are Nancy Lopez and Ray Knight, and Robert Se-guso and Carling Bassett, mar-

riages of athletes. Ron Darling's wife is a cover-girl model and Ron Greschner, the quiet New York Ranger defenseman, is married to Carol Alt, a top model whose picture has probably been in Sports Illustrated more often than her husband's. Exposure and big money have made sports figures part of the jet

set, their lives like open books. Television also has brought athletes into our homes on a reg-ular basis. It used to be that the only way to see DiMaggio or Babe Ruth or Willie Mays was to go to the ballpark. As more and more women become interested in sports, the recognition factor of an athlete increases accordingly. They will tend to be portrayed more as sex objects, too.

What's more, athletes are no longer put on pedestals by the news media. In the good old days when salaries were low and many athletes worked during the off season, sportswriters were more inclined to be protective. These were role models. Ironically, Jim Bouton, the

former New York Yankee pitcher, probably had more to do with the ending of that era than did any sportswriter. Bouton's book "Ball Four" was a behind-the-scenes look at the world of a pro athlete. Bouton was ostracized for writing a book that would be labeled a kiss-and-tell book today, but that was intended to be a boys-will-be-boys account of life on the road. The material in "Ball Four" is

mild compared to what has been written since and what now appears in newspapers almost daily. It is not a perfect world, even for role models. And as those with inquiring minds already know that news is no longer con-

WEATHER

### Sisters-in-Law Set World Track Marks at U.S. Trials

Compiled by Our Staff From Dispatches INDIANAPOLIS — In less than an hour Saturday, Jackie Joyner-Kersee and her sister-in-law, Florence Griffith Joyner, smashed

world records at the U.S. Olympic track and field trials. For the third time in 24 months, Joyner-Kersee broke the world record for the heptathlon. She did it

despite a gashed hand. In the second of four rounds of the women's 100-meter dash, the 28-year-old Griffith Joyner won her quarterfinal in 10.49 seconds.



Jackie Joyner-Kersee

yards) as she bettered Evelyn Ashford's 1984 world record of 10.76 seconds by a whopping 27-hundredths of a second.

The reading from the anemometer, the gauge that reads the following wind, was reported at 0.0, which meant the record was legal. Flags flying above the scoreboard were waving briskly, however, and a triple jump at almost the same time showed an excessive following wind. But officials said it was a crosswind that did not affect the time; representatives of wind-measuring device said it was tested after the race and found to be working properly.

Griffith Joyner won her first 100-meter heat in 10.60, but it could not be considered for a record because she had an aiding wind of 3.2 meters a second, or 7.15 miles an hour. For record purposes, the limit is 2 meters a second. Ashford won her heat comfort-

ably in 11.01 seconds, wind-aided. The 26-year-old Joyner-Kersee, coached by her busband, Bob Ker-see, is a world-class athlete in the long jump and the 100-meter hurdles, and she is close to that level in other events.

She started the day with 4,367 points for four heptathlon events, the highest first-day score in history (she had won Friday's 200-meter dash in 22.30 seconds, a heptathlon world record.) The first of her three events Saturday was the long jump. She fouled her first jump, a 24 footer (7.28 meters). Then, jumping

into a wind, she made a safe jump of 22 feet 8 inches, a meet record on her second attempt and improved the record to 22-11% on her third and final attempt. On her second jump, as she reached out before landing, she spiked the inside of her right

thumb. The wound bled and she seemed to be in pain, but she said it She looked strong in her next longest jump ever - 59 feet 3 inchevent, the javelin throw. Her second throw of 164-2 was only 2 inches short of her career best. That meant she had only to run the con-

cluding 800-meter race in 2 minutes

24.95 seconds to break the world

record. She finished well under that time in 2:20.70. "I feel very happy, very pleased bronze medalist in the 1987 world with my performance. When I go to championships, in 45.78, and Seoul, I'll be very motivated to go for the gold," she said.

Carl Lewis clocked a wind-aided 9.78 in the men's 100-meter final, the fastest time ever under any conditions. Lewis ran with an excessive following wind, so his time could not be considered a record. On the first jump of the triple Gary Morgan won in 1 hour 34

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meant it could not be a record, Banks set the world record of 58-11% in Indianapolis in 1985. In the men's 400-meter heats, Tim Simon's time of 45.46 seconds was the fastest. The other qualifiers included Butch Reynolds, the bronze medalist in the 1987 world U.S. Olympic team. Alonzo Babers, the 1984 Olympic

champion, in 45.93. The men's 20-kilometer walk, a sojourn mostly on adjoining streets, began at 9 A.M. It was cruel because Al, the 1984 Olympic triple-jump champion who is married to Florand the humidity was 85 percent.

able considering the weather. It was the second day of the nineday meet at the Indiana University

Track Stadium near downtown Indianapolis. The only final on the opening day was the men's shot-put. Randy Barnes (71 feet 9½ inches) won, Gregg Tafralis (68-6) was second and Jim Doehring (67-8¼) was third, and all made the On Friday night, Mary Decker

Slaney, back after missing the 1986 season to have a baby and the 1987 season because of injury, won her heat (9:04.35) of the 3,000 meters as did Vicki Huber (9:06.62). Joyner-Kersee's younger brother,

minutes 12 seconds, slow but credit-

the 1988 Olympic squad, placing Delighted with her performance,

Joyner-Kersee was disappointed with her brother's. "It hurts to see him not making the team," she said. "We're family. It hurts a lot." Among the day's other notable

ence Griffith Joyner, failed to make

casualties were triple-jumper Mi-chael Conley, who won silver medals at the 1984 Olympics and 1987 world championships but finished fourth here; heptathlete Jane Frederick, the world championship bronze medalist, who finished fourth; and sprinter Joe DeLoach. who ran the 100 in 10:03 earlier this year but was fifth in the final Satur-



the temperature was 82 degrees Fahrenheit (27.7 degrees centigrade)

jump final, Willie Banks made the

es, but an excessive following wind



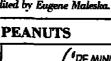


**APANG** PROOCE WHAT SHE WANTED TO HEAR WHEN HE ASKED HER TO SHARE HIS LOT IN LIFE. RETHEN Now arrange the circled letters to form the surprise answer, as sug-gested by the above cartoon.

Print answer here: THE

Jumbles: CRAZY DANDY KOWTOW HALVED He spent his money like water but not this— ON WATER

7-18



12 — cheese 13 C.E.O.'s subordinate 22 --- the way (eased) 24 Emulated Steve Scott

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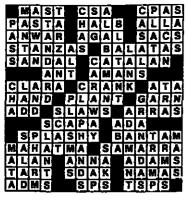
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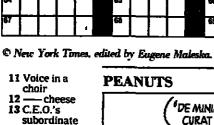
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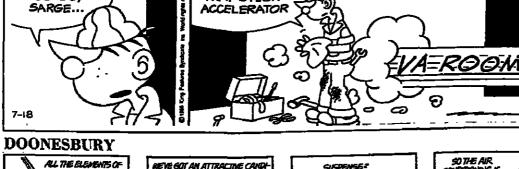
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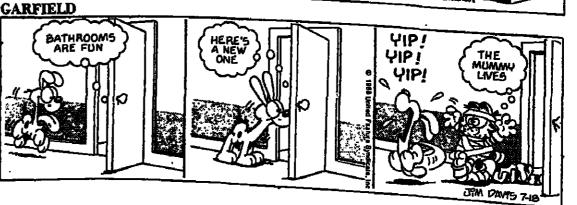


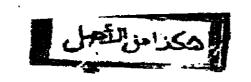


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### **MONDAY SPORTS**

### Viola Gets His 15th Victory As Twins Defeat Orioles, 7-2

The Associated Press

BALTIMORE — Frank Viola lead the Phillies over Houston. Louis, Eric Show pitched a five-lift game, allowing five hits in five 538th of his career.

Padres 3, Cardinals 1: In St. Louis, Eric Show pitched a five-lift game, allowing five hits in five 538th of his career. son his American League-leading 15th game, allowing five hits in five 538th of his career. mings on a rangey Sunday as the finnesota Twins defeated the Balmore Orioles 7-2 Viola improved his record to 15-

2 behind two-run homers by Greg

SUNDAY BASEBALL

classic and Kirby Puckett and a sele homer by Gene Larkin. Greg Madding of the Chicago Cubs is the miy other pitcher in the major causes to win 15 games this sea-

Viola allowed two runs in five innings. The left-hander is now 6-0 with a 1.25 ERA over his last six starts, and the Twins are 17-3 in games started by Viola this season. The victory made Viola the earliest 15 game winner in Twins history. In the 1970 season, Jim Perry won his 15th game on July 22.

Orioles loaded the bases in the fifth with nobody out. Mark Portugal relieved Viola in the sixth and pitched two-hit ball the final four innings to earn his

Viola was in trouble once, as the

second save. Red Sox 10, Royals 8: In Boston, Ellis Burks drove in five runs with a home run, a triple and a double as the Red Sox completed their first-ever four-game series sweep of

Staked to a 7-0 lead in the first two innings, Boston starter Wes dner scattered six hits, including a two-run homer by Mike Mac-

farlane, for six innings Yankees 7. White Sex 3: In New York, Ron Guidry pitched one-hit ball for five immings for his first victory since Sept. 5 and Don Mattingly continued his second-half

li here in surge with two hits for the Yankees.

Dave Winfield went three-forfour, Jack Clark drove in two runs and Rickey Henderson scored twice in New York's 12-hit attack. Reds 3, Expos 1: In the National League, in Montreal, rookie Jack Armstrong allowed two hits in sev-

en innings and Paul O'Neill hit a two-tun homer to pace Cincinnati. Dodgers 4, Cubs 1: In Chicago, pinch-hitter Franklin Stubbs's three-run homer in the seventh lifted Los Angeles over the Cubs in the

first game of a doubleheader. Hies 10, Astros 4: In Philadelhia, Mike Schmidt's three-run triple sparked a five-run sixth inning and Ricky Jordan homered in his

burgh, Barry Bonds hit a tie-breaking, two-run pinch homer in the Bob Ojeda allowed five hits in their winning streak to nine games.

The winning streak is the Pirates'

Tim Teufel homered to power the

Francisco remains without a vic-

tory since the All-Star break.

Pirates 5, Giants 4: In Pitts-four games with the Cardinals. Mets 4, Braves 2: In Atlanta,

longest since they won nine in a New York. Ojeda retired the first row from June 20-27, 1983. San 14 batters before Gary Roenicke lined a soft single to left just out of

### **Birthday Boy Pendleton Helps Cards Stop Skid**

Pendleton's ninth-inning double drove in the tying run and Luis Alicea's single scored Tom Lawless with two outs as the Cardinals beat

SATURDAY BASEBALL

and an eight-game losing streak. St. losing streak. Louis had not lost as many as nine consecutive games since losing 10 straight in 1980.

Pendleton celebrated his 28th birthday with a smash that landed barely fair over third base to score Willie McGee. "I was playing in the minor leagues in 1983 when I got hit on the wrist by an inside pitch on my 23d birthday," Pendle-ton said. "That put me out for the rest of the year, so I'd rather remember this birthday."

McGee led off the ninth with a single, stole second and went to third as catcher Benito Santiago's throw went into center field. After Tom Brunansky grounded

out to third, Pendleton doubled to left. Jose Oquendo was intentionally walked and Lance McCullers reheved. Tony Pena grounded out, advancing the runners, and Tom Lawless pinch ran for Pendleton. Alicea then singled to left, driving

Pirates 10, Giants 1: In Pitts-burgh, Mike Lavalliere's two-run third as the Pirates breezed to their eighth straight victory.

Mets 3, Braves 2: In Atlanta, Kevin McReynolds doubled home eighth to lift New York.

Compiled by Our Staff From Dispatches

Expos 6, Reds 1: In Montreal,
Tim Raines hit two home runs and Hubic Brooks added a two-run shot as the Expos won for the 12th time in 14 games. Phillies 10, Astros 6: In Philadel-

phia, Phil Bradley doubled in the tie-breaking run in the sixth and Chris James hit a grand slam homer San Diego, 3-2, Saturday night to as the Phillies ended a four-game

Red Sox 7, Royals 6: In the American League, in Boston, Dwight Evans hit a two-run homer in the eighth to tie the score and Kevin Romine led off the ninth with his first major-league home run as the Red Sox rallied from a six-run deficit to nip Kansas City.

Tigers 10, Angels 1: In Anaheim, California, Jeff Robinson allowed four hits over eight innings and Matt Nokes and Gary Pettis homered to spark a five-run fifth. Athletics 4, Blue Jays 1: In Oak-

threw a six-hitter through seven innings and Jose Canseco drove in three runs to lead the Athletics. White Sex 7, Yazakees 4: In New York, Fred Manrique had three

RBIs and Steve Lyons two as Chicago held on to defeat the Yankees. Twins 4. Orioles 3: In Baltimore, home runs by Kirby Packett, Greg Gagne and Gary Gaetti paced nnesota. Brewers 4, Rangers 3: In Arlington, Texas, Robin Yount's homer

double and pitcher Doug Drabek's and RBI single boosted Milwankee two-run triple highlighted a six-run triple highlighted as six-run triple highlighted highlighted to its sixth straight victory. Indians 8, Mariners 2: In Seattle,

Joe Carter and Ron Washington each drove in three runs and Bud Black threw a five-hitter as Cleve-Dave Magadan with two out in the land snapped a six-game losing



Leader Nick Price of Zimbabwe: Solid iron play and putting.

### Price Extends Lead to 2 In a Rainy British Open

of the weather-delayed British Open golf tournament.

The round was played a day late after rain on Saturday flooded greens and fairways, washing out play for the first time in 27 years. The final round was scheduled for of Spain.

Monday — the first Monday finish Three-time champion Jack Nickforecast called for a mixture of sunshine and rain amid strong winds and moderate temperatures.

Price, a Zimbabwean who lives

and plays most of his golf in the United States, birdied five holes and saved several pars after errant tee shots to finish 54 holes at 7under par 206. He shot 2-under 69

Second, at 208, was defending ter) putt at the 14th hole and had birdie putts of 30, 25, 15, 30 and 20 feet on the day - but bogeyed two of the last four holes. First-round leader Seve Ballesteros of Spain was tied with Faldo after a 70.

Sandy Lyle, the 1985 champion from Scotland, was at 209 after a 67, the day's low round. Andy Bean and Larry Nelson were the top U.S. stroke behind Price but dropped a course. That meant Hubert Green, a performers (see Scoreboard) at 212, shot on the par-5 sixth hole. His tee former U.S. Open and PGA winner, as was Eduardo Romero of Argen-shot there wound up in a bush, and traded five birdies on the first eight tina. Craig Stadler, who started the he took two shots to get back onto holes for a 2-over round of 73-220.

United States were at 213, all with choked well down on the grip. third-round 70s. Bob Charles, the 1963 open champion here, shot a 69 for a 214 total, tying him with American Ben Crenshaw David J. Russell of England and José Rivero

in the tournament's 117 years. The lans blew to 75-220 and out of

Price, the runner-up in the 1982 open after leading with six holes to play, had trouble with his tee shots on a windy day but usually was able to make up for it with his iron

play and putting.
At the par-3 fifth, his tee shot landed short of the green but he Sunday, taking a bogey-5 at the chipped to within eight feet and hole-in-one, Lanny Wadkins using 17th hole after blasting out of a fairway bunker.

Second at 208 was defeation. shot in a bunker, but hit a sand 71-215. U.S. Open champion Curchampion Nick Faldo of England, wedge to within eight feet and sank the for a birdie-4. At No. 7, he was in saved par with a 30-foot (9.12-me-deep rough with his drive and sent After downpours flooded at least deep rough with his drive and sent his third shot through the green, but three greens and forced abandon-putted from the fringe to save par. ment of Saturday's round, play be-

er birdie by putting his tee shot cause pin placements had be within 10 feet and holing out.

Ballesteros began the day one the golfers had gotten onto the

The Associated Press

LYTHAM, England — Nick day tied with Faldo for third, skied to 81-221 with two triple bogeys on the back nine.

Peter Senior of Australia and of the weather-delayed British Open champing of the weather-delayed British Open champing.

He then birdied the par-5 seventh, pitching from a left-side bunker to within an inch of the pin. Faldo, who won the title a year ago with an all-pars final round, started Sunday with a bogey-4, then birdied Nos. 2, 6 and 8 with solid teeto-green play that tied him with Ballesteros.

They were one stroke in front of Rivero, who birdied five holes on the front nine and was through 49 holes at 3-under. Lyle and Bean were another stroke back, Bean having birdied Nos. 6, 7 and 8.

The tournament also saw its first

After downpours flooded at least

On the eighth hole, however, he gan on time after crews began work lipped the cup on a five-foot birdie at dawn to get the Royal Lytham putt and went on to a bogey-5. But and St. Annes course in shape. Sathe ended the front nine with anoth- urday's scores were wiped out, bechanged for the restart and not all of

tial with the winner. Beyond that

formula, he could be eliminated

lay," Guilmin said to Pietrowski.

Then spectators begin to take turns pushing the rider up the long

series of switchbacks as Guilmin

For a commissaire, pushes

even unsolicited - are exactly the

sort of infraction to be on guard

against. Enough of them and a rid-

er may be fined; too many, and he

Whatever the number allowed,

time, two at a time and sometimes

even if he finished.

looked on impassively.

can be disqualified.

point, determined by a complicated

"I'm worrying about the time de-

### Athletics 4, Bine Jays 1: in Oakland, California, Storm Davis threw a six-hitter through seven in-Kvalsvoll was fighting now not

By Samuel Abt

ional RepubliTribune GUZET NEIGE, France Driving in the Pyrenees early Sunday afternoon, Philippe Pietrowski heard on the Tour de France's internal radio that two riders had fallen far behind. "I think we have customers," he said. "Maybe not," answered Raymond Guilmin, sounding hopeful. "Maybe not." Pietrowski and Guilmin spend

their days with the bicycle race in pick up riders who have quit. The symbol of their work is the 15-footlong (4.5-meter) broom — a balai

Pietrowski explained before Sun-

expected to generate business for the cast the finish live. voiture balai. It travels third from the end of the nearly 1,000 cars, how, in the sprint finish, Robert trucks, motorcycles and, of course, Millar of Britain and Philippe Boubicycles in the race. Behind it come only a flatbed truck for wrecked cars

course, or end of the race. Guilmin has come within 15 minutes of seeing a finish of a daily

stage in this 75th Tour de France. the overflow is moved to the flat-When Massimo Ghirotto, an bed truck carrying their bicycles. Italian with the Carrera team, won Covering 163 kilometers (101 Sunday's climb, for example, the station, where their team cars are miles) from Blagnac to the mountain resort of Guzet Neige, the stage about it only by listening to a commercial radio station that broad-

they swerved back.

in the van minded not being there. it happen," remarked Guilmin as ished 14th, he had outdistanced his closest opponents in overall

He is a softspoken, grandfatherly man who gives the impression that he is willing to overlook minor transgressions. As he said Sunday while the van rolled past fields

Pietrowski, 26, has been driving

the van for two years and Guilmin,

67, has been a passenger for four

years. He is a commissaire, or a race

official, and spent 18 years riding

second seat on a motorcycle, look-

ing for infractions. "Then I got too

sunflowers, "No bicycle race in the must use his judgment." The van never moves up in the

ders and on his bicycle seat and The Spaniard leads Steven remain a few feet behind him. To sped him up the mountain.

bed truck carrying their bicycles.
Or riders may be let out at a feeding within the specified time differen-

Finally he crossed the finish, in last place, 32 minutes 21 seconds behind the winner. From 67th place he had fallen in the overall

standings to 100th. "Was he within the time limit?" Guilmin anxiously asked a finish-

line judge who climbed into the parked van at the end. Assured that Kvalsvoll had been, Guilmin smiled: No riders had en-

tered the van. But, he said gloomi-

ly, "Tomorrow we'll be busier."

#### **Roosevelt Raceway Ends 48-Year Run**

The Associated Press MINEOLA, New York -- Roo-

sevelt Raceway's ownership announced late Friday that the harness track is ceasing operations, saying it is near bankruptcy because of poor rated first-category for height and steepness. A first-year professional who was far down in the overall time attendance and competition from Off-Track Betting and the Meadowlands in New Jersey.

The raceway, a Long Island land-mark for 48 years, has lost more than \$7 million during the past four years, said Charles Evans, one of the

ters of climbing ahead, the radio in Evans said there are no plans to sell the van was reporting Ghirotto's or develop the property, which is zoned for commercial use.

BETTER STILL — Igor Polyansky set a world record of 55.00 seconds for the 100-meter backstroke during Saturday's final day of the Soviet national swimming championships in

### **SCOREBOARD**

#### BASEBALL

Friday's and Saturday's Major League Line Scores

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	ery (5), Forr (6) and
Colgi Ciddly (Mailigeon)	p (6), Bolton (7), Ston-
guirk; Smillison, Corn	Cerone W-Swithson.
MY (7), L.SITRIU (7) WIO	1. Sv—LSmith (12).
es c—centratal se	i, 39-Latinit (12)-
	ertobuli (14). Boston,
Boggs (3), Carone (3).	
Chicogs	D00 000 300-3 8 1
Kew York	202 010 00x-5 7 1
McDawell, LDavis (3)	), Harton (7) and Salas,
Karkuvice (7); Rhode:	n. Clements (7), Stoci-
dard (7), Righetti (9). G	wonte (9) and Skinner.
W-Rhoden, 5-6, L-	McDowell 47. Sv
Guartie (11), HR-New	York, Mattingly (8).
Mianegota	229 860 806-4 6 8
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igentitions (7), Recording (9) and Harper riggera, Plesoc (7) and Surhoff; Gazman. AcMurity (9) and Stanley, W—Higuera, 7-5.

Torogra

Dakland

Kay and Whitt; Stewart and Steinbach, WKey, 6-1. L-Stewart, 12-8.

Claveland

Ote 805 988-5 9 1

Seattle

Ferreti, Gordon (63, Hovens (7), Rodriguez

(7) and Alkanson, Bando (8); Maare, Jackson

(6), Schooler (8) and Valle, W-Jockson, 42.

L-Hovens, 1-2. Sv-Schooler (5). HRsClaveland, Jocoby (7). Seattle, Boltoni (8).

Debrati

Cationalar, Goson (2), Herstertan (7) and

Caliborate
A28 808 805 -- 10 9
Alexander, Gibson (2) Henseman (7) and
Nobas; Witt, Harvey (8) and Boone, W.—Witt,79. L.—Alexander, 8-5. Sv.—Harvey (10), HRSDefral, Solozar (11), Caliborata, Howell (6).

NATIONAL LEAGUE
Les Angeles
Calcase
11 808 808 8-2 7 1
Volenzuela, Pena (8), Orasco (10) and Scioscia; Moddux, Nipper (10), DiPino (10) and
Berrytatt, W.—Pena, 4-1, L.—Nipper, 1-1, Sv.—
Orasco (6).

892 860 133-6 11 1 000 000 201-3 4 1 Steatreal 909 669 291-3 4 1
Rija, Franco (5) and Dioz, Reed (8); Dop-son, Parrett (8), Heskett (8), Burke (9) and Sontovena. W-Rija. 18-1. L.—Parrett. 18-1. Sw-Frunco (15), HRs-Clockmatt, E.Davis

(15), Montreal, Golomaga (21).

Major League Standings

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Desholes, 6-A. L.—K.Gross, 8-6. Sr.—Dorwin
(1). HRs.—Houston, G.Davis (19), Bell (2).
Mew York

08 191 919 9-3 7 1
Save Ballesteras
Atkanta
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Sandy Lyle
Cone, Myers (9) and Corney; Z.Smith, Suiter
(8), Assumpacher (10) and Benodict, W.—Assumpacher, 4-4. L.—Myers, 5-1. HRs.—New
York, McReynolds (13), Strawberry (22). AlBalles (24)

leate, Murehy (15).
Sen Francisco 291 298 666—5 8 8
Pristburgh 146 628 (as.—8 11 1 Brad Faccon
Powers, Lefferts (5), D.Robinson (4) and Melvin: Wolk, Klaper (4), Goff (8) and Lavaliters.
Bob Tway
HKS.—Pittsburgh, Bonds (16), Bonilla (18),
Dovid J. Rus
Pristburgh Bonds (16), Bonilla (18),
Rob Craries 800 081 204-7 15 0 Bob Charles 807 808 268-3 18 8 Ben Crenshaw

Rosmussen, Ma Davis (7) and Santiago; Tu-dor, Worrell (8), Daviey (9), Quisenberry (9) and Pena, W—Ma Davis, 44. L.-Worrell, 44. SATURDAY'S RESULTS

Gubiczo, Montsomery (6), Glearion (8), Forr (8) and Macforiane; Boyd, Lamp (3), Botton (6), Shankar (7), 200 Harri (e) and mountriants; stoya, Lamp (3), Botton (6), Stanley (7), Smith (9) and Ged-mon, Cerane (9), W—Smith, 4-4, L—Farr, 2-2. HRs—Kansos City, Jackson (12), Boston, Ev-ans (9), Romine (1).

4 ons (9), Romline (1).

To rosity

Ockland

Steb and Whith: G.Dovis. Honevcutt (8),
Eckersley (8) and Hossey. W.—G.Dovis. 7-4.

L—Sileb, 10-6. Sv.—Eckersley (27).
Defroit

California

Robinson, Hernandez (9) and Nokes; Froser. Corbett (6), Minton (8), Cilburn (9),
D.Moore (7) and Boone, D.Davis (8). W.—Robinson, T.-1. L.—Froser, 6-9. Hrs.—Defroit,
Nokes (11), Petits (3), Whitokar (7),
Chicago

New York

Robinson (7), Are def. Thomas Muster, Austria, 6-2, 7-5.
Ance Gornez (1), Ecuador, 6-3, 6-1.
Finati

Agassi def. Gornez, 6-3, 6-1.
Finati

Agassi def. Gornez, 6-4, 6-2.

(At Bostond, Sweden, 6-2, 6-1.
Finati

Agassi def. Gornez, 6-4, 6-2.

(At Bostond, Sweden, 6-2, 6-1.
Fronceso Corocalistit, italy, def. Uda 1
levesid (8), West Germany, 6-3, 6-1.
Christian Bergstrom, Sweden, def. Ka

Norcek, Czechoslovatka, 1-6, 6-2, 6-3.
Poole Cone, Holy, def. Essentia.

Chicaso

New York

Persz. Biltiger (7), Horton (8), Thispen (8) and Karlovice; John, Clements (6), Allen (7) and Skimser. W-Persz, 9-5. L-John, 7-3. Su-Thispen (19). HRy-Chicase, Lyons (5), G. Wolker (8). New York, Cruz (1). Missesofa (8) and Loudner: Perczz, Thurmond (7), Niedenfuer (9) and Tettieton, W-Tollver, 7-1. L-Percza, 19. Levent (1). Sufficient (2). High-Minnesofa, Puckett (12), Gosine (9), Gaetti (21). Beitimore. Gerhart (8). Tettieton (8). Alliewakine (8). Centro (6). Crim (6).

August, O.Jones (5), Airobella (6), Crim (6), Plescc (9) and C.O'Brien: Russell, Vande Bern (6), Williams (6) and Petralii, Stanley (7), W—O.Jones 40, L—Russell, 9-3, Sw—Ple-scc (24), HR3—Milleaukee, Yount (9), Texas, Iconsolute: 1143

920 900 900 -- 2 51 Black, Jones (7) and Bando; Bankhead, Walter (7), Reed (8), Scurry (9) and Valle.

W—Block, 4-3. L—Bankhedt, 4-4. 5—Jones (21). HR3—Cleveland, Carter (17), Washington (1), Kiffe (13), NATIONAL LEAGUE 960 960 180 — 1 6 9 306 180 98x — 78 31 B ittsburgh 386 189 997 -- 10 11 b LoCoss, Backus (3), Garretts (8) and Bren-

hr. Solimon; Drobek, Jones (9) and Loval-tiere. W. Drobek, 7-5. L.—LoCosa, 7-7, HR.— Son Francisco. Mitchell (18). Francisco, Materies (107.

and \$10 000 -1 4 1

real 910 000 202-4 8 0

realing, Dibble (6), F.Williams (8) and Dicz: De.Martinez and Santovena. W-De-Martinez. 10-7. L-Brownina. 3-4. HR3-Cin-cinnati. Dicz. (7). Mantreal. Roines 2 (7).

Brooks (11).
New York
Atlanto
Gooden, Nunez (7), Accover! (8) and Seser; P.Smith, Assertmecher (8), Alvorrez, 1-0, L—
Assertmocher, 4-5, Sv—McDowel! (9), HR—
Assertmocher, 4-5, Sv—McDowel! (9), HR— New York, Strowberry (23).

(1). and 621 661— 6 16 1 Level 1, Lille 2 Haysten
Hayste

**British Open: Third Round** 

MEN'S TOURNAMENTS

Sweden, 7-5, 6-1. Assent, 1-3, b-1.
Hanri Leconie (8), Fronce, def. Ronald
Assence, Haitl, 6-3, 6-4.
Guittermo Perce-Reidon (9). Arountino.
def. Thomas Muster, Austria, 6-2, 7-5.

Filippini def. Conc. 2-6-2-6-4. Concellotti def. Bergstrom. 6-4-6-2. Fisof Fillepini def. CancelloffL 2-6, 6-4, 6-4.

CYCLING Tour de France

FOURTEENTH STAGE POURTEENTH STAGE
(Biognac to Gezet-Nelset)
(163-Kloemeker/161-miles)

1. Massimo Ghiratte, Italy, 4:30:34

2. Robert Millar, Britain, 2 seconds 4

3. Philippe Bouvetier, France, :13

4. Emilo Vanetti, Italy, :34

5. Martiel Goyant, France, :58

6. Peter Stavenhogen, Netherlands

7. Marc Serseant, Belgium, 1:49

8. Fraderic Victot, France, 2:28

9. Jeon-Claude Baset, France, 2:38 18. Dominique Arnauc. France. 11. Joskin Magika, Spoin, 4:59 12. Thierry Marie, France, 6:48 12. Resis Clere, France, 7:16 14. Petro Delgada, Spoin, 8:43 15. Roland Le Clerc, France, 9:8

2. Steven Rooks, Netherlands, 3:28 S. Luis Herrera, Colombia, 7:02 6. Geri-Jan Theunisse, Netherlands, 7:25 7. Eric Bayer, France, 8:34 8. Ranon Pensec, France, 9:59

SOCCER

New York, Strowberry (23).

Son Diego
Sil 180 880—2 4 1
Son Diego
Sil 180 880—2 4 1
Whitson, McLDovis (9), McCullers (9) and Sonlidge; Cox, Doyley (9), Costella (9) and Pena, Wi-Costella, 2-0, L-Ma,Dovis, 4-7.
HRS-Son Diego, Gevynn (4), St. Louis, Louis
HRS-Son Diego, Gevynn (4), St. Louis, Louis
Matter Rucins 0, Toulouse 1
Nice 1, St. Etlenne 0, Strosbour 3
Matter Rucins 1, Montes 1, Montes

FRENCH FIRST DIVISION

78-67-49-206 Gordon Brand, Jr.
71-69-68-208 Payne Stewart
67-71-70-208 Isaa Aoki
73-69-67-209 Curtis Strange
70-73-69-212 Jim Benepe
71-70-71-212 Wayne Grady
73-71-68-212 David A. Russell
73-71-68-212 Tangay Armous 11 73-71-68-212 David A. Russell 72-71-69-212 Temmy Armour III 70-73-70-213 Jose-Moria Olazaba 71-72-70-213 Chip Beck

Tom Kite Graham Marsh Ronan Rolferty Ion Weasnem

TRANSITION

colder, as the transport of the Pacific Coost Leadure.

MILWAUKEE—Sent Mike Felder to Denfalled Physicall list, and Lean Hall, def lineman, on the physically unable to program.

In the American Association under a 29Illumination program.

ASSOCIATED MONTREAL—Placed Jeff Parrett, pitcher on the 15-day disabled list. Purchased the con-tract of Tim Barrett, etcher, from inclanace PHILADELPHIA-Traded Luis Agusyo PHILADELPHIA—I TOOGO LIIS AGUOVA, infielder, is the N.Y. Yankees for Amolic Cor-reno, elicher, Assigned Correno to Recoding of the Eastern League, Placed Von Hoyes, first besemant and Bob Dernier, orificialer, on the Zi-doy dispoted list, Dernier rectraactive to

Matienal Basketbali Association HOUSTON— Released World B. Free, NEW JERSEY-Extended the controct of Bob MocKinnon, assistant general m through the 1988-07 season. PHOENIX—Signed Jeff Homocek, guard,

Consider Football League
EDMONTON Placed Damon Allen, quarterbook on the injured list. TORONTO—Released Paul Shorten, wide receiver, from the practice rester.
WINNIPEG—Added Paul Shorten, wide re-National Football League ATLANTA—Signed Charles Dimary, corner-

Corter Wiley, safety, Agreed to terms with BUFFALO-Signed Zeke Godson, line-pocker; Bernard Ford, wide receiver; Bo Wright, running bock; Cortien Balley and Tom Erlandson, linebackers, and Martin Martinew, cornerback. Agreed to learns with

backer, and Pele Curkendal), nose tockie. CINCINNATI-Signed Brundy Wells, cor-nerbook. Released Brundy Wells, corner-DENVER-Signed Freddie Gilbert, defen

71-75-69—215 73-71-71—215 72-71-72—215 72-76-68—216 73-75-68—716 75-70-73-226 74-73-73-226 74-73-73-226 73-74-73-226 75-73-72-220 72-75-73-220 Hubert Green Brion Marchba 72-71-73-216 72-71-73-216 Johnny Mille 79-69-69-217 Poul Azinger 75-73-70-217 Phille Warten 68-76-72-217 Gary Player 72-71-72-217 Carl Moson 73-71-73-217 Carl Moson 73-71-73-217 Craig Studier 72-71-74-217 Mark Jomes 72-74-75--221 71-77-74-222 75-72-75-222 72-74-76-222 74-73-71--218

the reserve-retired list: Russell Sh

fensive lineman, on reserve-did not repo-list; Gary Walker, center, on the waive

HOCKEY

National Hockey League
N.Y. RANGERS—Signed Doug Wicken-

COLLEGE ARKANSAS—Named Jerry Moore ossis-

tant football coach.
HORSTRA—Beth Bazman, women's lo-crosse and field hockey coach, resigned.
ILLINOIS—Vance Rediem, athletic direc-

JACKSON STATE-Normed Howard Davis thiefic director effective Aug. 1.
KENTUCKY STATE—Numed Al Gordon

NAVY-Named Jack Langyel athletic di-

WALSH-Named Dan O'Connor, casistant

OLYMPICS

USOC-- Or. Charles J. Dilliman. a

Bernhard Lan Noel Rotcliffe Paul Kent

# Jay Haas Manuel Pinero Gary Stafford Greg Bruckner Peter Mitchell (a-amateur)

MILWAUKEE—Serd Milia Felder to Denver of the American Association under a 20toy rehabilitation program.

NEW YORK—Ootloned Randy Velarus, infielder, to Columbus of the International
Laggue.

SEATTLE—Activated Alvin Davis, first
Mark Nichols, defensive fackle, and Alike Hinment Liefe and Darin Jarden, linebackers;

SEATTLE—Activated AVVIII Days, what baseman, from the 15-day disabled list. Sent Miles Kingery, outfielder, outright to Calgary et the Pacific Coast League. TORONTO—Placed Pot Borders, calicher, on the 15-day disabled list. Purchased the con-tract of Sal Butera, catcher, from Syracuse of the International League. Mike Kinsery, cutfielder, outright to Calgory of the Pacific Coast League.

TORONTO—Placed Pot Borders, cutcher, on the 15-day disabled list, Purchased the contract of Sal Butera, catcher, from Syracuse of the International League.

National League.

LEAGUE—Named John McSherry umpire crew chief.

CHICAGO—Wolved Jim Sundbers, catcher, Activated Damon Berryill, catcher, from the 15-day disabled list.

CINCINNATI—Recalled Ron Oester, second baseman, from Noshwille of the American Association.

BASKÉTBALL

rector,
OKLAHOMA STATE—Jim Beiding, track FOOTBALL ach, resigned. Named Dick Wels frock cooch, Pete Abbey field coach and Poul Richards assistant track coach. PEPPERDINE—Nomed Kurt Schuelte solf coscis.
PITTSBURGH—Named Larry Eiridea assistant athletic director for public relations.

director for student affairs and compliance, and Linda Venzon sports information direcbock; Philip Brawn, linebocker; James Pri-mus, running bock; Ston Clavion, offersive finamon; James Alliling, wide receiver, and tor.
PRINCETON—Named Bath Beaman head
field hockey and assistant women's lacrosse SLIPPERY ROCK—Named Jay Foster SLIPPERY ROCK-Towned as Proses football defensive back coach.

TULANE-Named Perry Clerk bosketball coach when the school resumes its intercollegiate presrum for the 1999-90 season.

UPSALA-Named Al Prophete soccer coach and Dean Klytkowski warnen's volleyball.

WILLIAM PATERSON—Numed Tom De-

The men in the van only heard

vatier of France began to take a wrong turn down a detour and were old and they put me here," he said. the voiture balai, trailing the field to and a police van marked fin de barely beaten by Ghirotto after

So far back does the voiture balai It was a rare and exciting moroll that neither Pietrowski nor ment but neither of the Frenchmen

his hold on the vellow tersey.

"We don't miss much - just seeing green with corn and golden with the radio later reported that al-though Pedro Delgado had fin-commissaire's job is hard too. He Tour de France record. One at a

ed time and thus consolidated long parade and, if the last rider drops to the very rear, the van will

Tve seen riders weeping while they sit in the van, and I've seen some laughing with relief that it's over. Most just sit there, quiet and exhausted.'

Rooks, a Dutchman in second some, that may suggest a shark place, by 3 minutes 28 seconds and Steve Baner, a Canadian in third, raft, but that impression is false,

Delgado, a strong climber, can virtually seal victory in the tour on Monday by doing well in the final stage in the Pyrenees. It will include five of the most demanding climbs in the race, which ends July 24 in Paris

busy," predicted Pietrowski. When a rider quits the race, he usually stops on the side of the road and waits for the voiture balai to arrive, although a star rider sometimes is allowed to enter one of his team's two cars. In either case, Pietrowski helos

hang the rider's bicycle on an ac-

companying truck and Guilmin performs the symbolic act of removing the two sets of numbers ngst, tight end. SAN FRANCISCO—Signed Bill Romanthey get into the van," Guilmin said.
"I tell them what a hard race the Tour de France is, and I always say

> July 4 in Brittany, 176 remain. "I also tell them to think of next year, when they'll have another chance. not. I've seen riders weeping while

they sit in the van, and I've seen some laughing with relief that it's over. Most just sit there, quiet and

that a lot of other riders have quit

too." Of the 198 riders who set out

If the van becomes too crowded, victory high atop the mountain.

Guilmin said. "They recognize that we're not looking for business," he said. "It doesn't please us to have to pick somebody up."

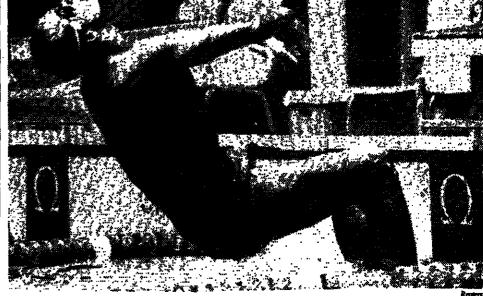
He made his point when the tour

radio announced about 2 P.M. that No. 127, Atle Kvalsvoll, a 26-yearold Norwegian with the Z team Tomorrow's a day we'll be had fallen far behind on the climb to the Agnès pass.
A few minutes later, Kvalsvoll came into sight as he labored up the mountain, 1,595 meters high and

standings, Kvalsvoll was struggling at a rate that registered less than 5 kph on the van's speedometer. For a few minutes, his team car each rider wears for identification. rode alongside him to offer encour"I then try to comfort them when agement and a mechanic poured water on his head to help on the summy and blazingly hot climb, but still Kvalsvoll wobbled. Even the

> "Is he the last rider?" a spectator shouted at Guilmin. He looked away and quickly nodded yes, as if rider with an answer he might hear. When a panel announced that the Norwegian still had 10 kilome-

owners. "We tried everything we could to keep the track open," he said. "We just ran out of money." The closing will eliminate 900 jobs, including grooms, stable personnel, clerks, and concession workers. cheers of the speciators did not help him push the pedals faster. Daily attendance averaged 6,900 in 1984 but fell to less than 3,200 this year. The average daily handle declined from \$1.2 million in 1984 "Sometimes I help, sometimes he were afraid of embarrassing the to \$754,000 for the meet that ended June 15, according to Evans. The 148-acre (59.8-hectare) facility is valued at more than \$150 million;



Moscow. Polyansky lowered by 0.16 seconds the mark he had set precisely four months earlier.

### Italian Space For American Postwar Art

VARESE, Italy — Over some 30 years, Count Giuseppe Panza di Biumo, a Milanese real estate dealer, has scrupulously built one of the most respected collections of postwar American art. A fraction of the 700-piece collection is in Panza's weekend house, an 18th-century villa in Varese, an hour from Milan, and 80 works bought between 1956 and 1963 are now in the Museum of Contemporary Art in Los Angeles. Shows from Panza's collection have been mounted in Düsseldorf and Basel; 56 pieces can be seen until mid-December in 14 rooms of the Reina Sophia Muse-

um in Madrid. Two shows are scheduled for France in 1990 and when the important conversion of old fac-

#### MARY BLUME

tories into a museum in North Adams, Massachusetts, opens it will house Panza's entire collection of minimalist sculpture, including works by Carl Andre, Bruce Newman, Dan Flavin and Donald Judd.

Despite its international renown. Panza's collection has never been shown in an Italian museum. The town of Varese has agreed to take on his villa and all its contents after his death but there are still unresolved hassles about who is to pay for its maintenance. Panza's offers to give parts of his collection to a museum in Turin and Milan have been turned down. The reason, he says, is that Italian public institutions are not interested in contemporary art, particularly if it is not

"No, it doesn't make me cross," says Panza, a shy, slight man who comes to life when looking at his art. "We have to be patient, I'm just awaiting the right time."

At 65, with five sons, he worries about loading his heirs with heavy taxes but at the same time Italian

than a quarter of his estate. The solution would be a gift or a longterm loan to an Italian institution. but as the newspaper La Repubblica puts it, the answer has been grazie, no.

Panza made his first visit to the United States in 1953, when Milan was still scarred by wartime bombines and Europe's recovery was just under way. "I had the feeling that something beautiful and interesting was happening in American culture," he says, was a country free and open to the future."

The first paintings Panza had bought were done by the Frenchman Jean Fautrier between 1943 and 1947 and included his painful "Hostage" series of 1943-44, which represented life broken by the Germans. The first American works he bought were Franz Kline, paintings that struck him for their energy and largesse of gesture. "The experience of these paintings is like looking at the city of New York when we arrive from Europe," he says.

Panza's collection is particularly strong on Rothkos and Rauschenbergs and on Pop artists with the exception of Andy Warhol, whose best period he missed. He lost the chance to buy three Pollocks in 1956 and he regrets that he owns no Frank Stellas or Bar-

"It was possible to buy a beautiful Newman from him for \$6,000 but in 1960 I was buying Rauschenberg for \$1,000 and I had \$1,000 and not six.

"I never was a very rich manjust enough to make a good collection and not spend a large amount of money. The first Kline cost \$500. Now \$500 would be \$5,000 and with \$5,000 you can't buy art today. But still it is possible to make a beautiful collection without too much money." He



Count Giuseppe Panza di Biumo seated amid some of his collection of postwar American art.

Perhaps Panza's greatest originality as a collector has been his creation at Varese of settings for works by Bruce Nauman, Sol LeWitt, Robert Irwin and, above all. Dan Flavin and James Turrell. Flavin's fluorescent light bulbs are internationally exhibited, but usually on walls with other works. Panza has given six rooms to uninterrupted Flavin and the result is magic. Even more extraordinary are the rooms by Turrell, a California artist who works entirely in light and who - although well-respected and the subject of a 1980 show at the Whitney - is in no permanent collection other than Panza's because of the space his rooms re-

Panza has six Turrell rooms, formerly carriage space in the Varese villa, which measure about 19 by 12 meters each (about 60 by 40 feet). Turrell has for several years been reshaping a crater in Arizona, a project that Panza has backed by buying blueprints of future works and of which he has said, "The Roden Crater project is one of the few things that must be made, to prove that the light in the human mind is not gone."

Panza as a collector has the right doses of boldness and method. He says he and his wife try not to make mistakes, that they study says he went through a 12-year hard before buying. "We try to period during which he did not buy only the best works of the

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statement that could have been made by any buyer from Lorenzo the Magnificent to the greenest collector of still damp Utrillos.

artist. He doesn't sell what he has bought and he still believes in artists who have not reached the

The moving factor is love," he says. "It is not a question of possession because I would rather see my collection in a museum than in a storage room here in my house in Varese." Nor has fame been the spur. "People who buy to make a reputation make a lot of mistakes because they follow the market and the market for contemporary art is crazy. Most of the artists who have the highest prices are artists who will disappear in twenty years."

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collect because he was short of best artists," he says, but this is a Panza's art must be willing to give it the large space it requires which, in all fairness, may explain part of Italy's refusal to accept his collection. Panza also thinks Italian institutions might have been more eager if his collection had not been almost entirely American. He has a few Italian artists who failed to become known; he

does not own such superstars as

Cucci, Chia and Clemente. "This is the kind of art that is very far from my sensibility, as is German Neo-Expressionism," be says. Nor does he care for the current American stars such as Salle, Rothenberg and Schnabel. "Schnabel is very talented but he uses his talent badly. He paints too much. There are a few good works but too many which are no

As a partial solution to the problems of his collection's future and to paying Italian taxes, Panza has for the first time sold a group of works to the Museum of Contemporary Art in Los Angeles, of which he has been a trustee since its beginning. He estimates that the works are worth \$40 million, but sold them for \$11 million to be paid over six years. At the end of last month he received the last of the interest-free payments and he intends to use the funds to buy works by young California artists.

"So you see," he says, "the money will go back to Los Angeles in the end."

### **LANGUAGE** The Thrill of Coining a Phrase

By William Safire

Washington — The great-est thrill a man can experience. Winston Churchill was reported to have said, is to be shot at and missed. (If that quotation cannot be found in his works, I have taken a shot at the source and

For a writer, the big thrill is to coin a word or phrase that fills a linguistic void and becomes part of the history of the era. The widespread adoption of Churchill's phrase Iron Curtain must have been profoundly satisfying to him as a historian as well as a statesman; never mind that earlier uses of the phrase were found. In the same way, the ghost of Teddy Roosevelt must smile when a modern pol uses his lunatic fringe.
In this century, newspaper col-

umnists have made great contributions to phrasemaking. In the Coinage Hall of Fame, we find Arthur Krock's government by crony (which The New York Times pundit gave to Interior Secretary Harold Ickes); Herbert Swope's cold war (which he gave to Bernard Baruch, and Walter Lippmann then tried to steal it from him); Stewart Alsop's egghead and, in collabora-tion with Charles Bartlett, hawks and doves; Joseph Kraft's Middle American, and Joseph Alsop's Southern strategy.

Speechwriters have a ghostly place in this pantheon. The other day, a picture appeared in The New York Times of Theodore Sorensen, working on the Democratic plat-form under the light of a tilted lampshade in a lonely hotel room. Though he steadfastly rejects the credit, his was the hand that penned New Frontier and Ich bin ein Berliner; was he trying to cook up a ringing phrase for this year's no-offense platform that the candidate can make his own? Of course

At meetings of the Judson Welliver Society, the club of presiden-tial ghosts, I see — in my mind's eye — great phrases hung around the necks of the members.

See, in the corner, there is Richard Goodwin, identified with Lyndon Johnson's Great Society. Nobody can find the Reaganaut with Tony Dolan, the unadmitted author of Ronald Reagan's most memorable phrase, evil empire: that speechwriter's now-rejected Rea- ball! - but President Nixon liked ganism was the most resounding it. After everybody reviewing the

Harding's not nostrums but normal- it back into the reading copy.

Other modern alliterators are here at the Nixon table. The sign across my chest is nattering nabobs of negativism, a blast at pessimists coined for Spiro Agnew to parallel Adlai Stevenson's prophets of gloom and doom. Pat Buchanan sits nearby, lumbered with pusillanimous pussyfooters but wearing more proudly the nonalliterative New Federalism and instant analysis (which is not alliterative, but is catchily consonant, with its repetition

of n and s sounds). I am slightly embarrassed by another of my badges. When a Nixon campaign aide came to me in late 1971 to pick a name for the reelection effort, I suggested Committee to Re-Elect the President. That was pretty shrewd, I thought, using the title of the office rather than the candidate's name, and downplaying the running mate. Then along came Watergate and Bob Dole's reference to the committee by its pseudo-acronym. CREEP.

My habit of adding a -gate to every political transgression is strictly derivative. (Koreagate and Billygate were duds, but I thought doublebillingsgate, about a minor expense-account flap, had a nice ring. Don't blame me for today's Pentagate.) However, a neologism I threw in the pot back in 1969 — which then did not catch on seems finally to be making it.

We were looking for a name for welfare reform. Counselors Pat Moynihan and Arthur Burns had locked horns on a program, and George Shultz, then secretary of labor, had come up with a synthesis: the result embodied Moynihan's family-sustaining dream and Burns' stern work requirement.

"Family Security" was the sug-gested name; I shot that term down - too much like Social Security. The "Family Assistance Plan" was put forward, and despite my protestation that the acronym sounded like an expletive used by Major Hoople, FAP was adopted.

As the sore loser I threw a line in

the covering speech, and repeated it in the president's message to Conthe sign for truly needy, but there is gress a few days later: "What America needs now is not more welfare, but more 'workfare.' Everybody winced — too com-

use of alliteration since Warren speech had crossed it out. I slipped

was ports. Pare 15

Workfare, the word, came and went as welfare reform, the program (called later by rueful liberas).
"Nixon's Good Deed"), was rejection ed by a Democratic Congress, But in the intervening years, with no push from me or anybody taking up its sponsorship, the rejected word puffed determinedly uphill like the Little Engine That Could.

In 1977: "Governor Michael S Dukakis of Massachusetts predicted success," wrote The Associated Press, "for a 'workfare' program he unveiled . . aimed at putting welfare fathers on the public pay-roll." In 1980, under a headline reading "Making Workfare" Work," The New York Times Work," The New York Times hailed a Connecticut plan for tough workfare bill. The limes engine word was scorned by the big dictionaries, but it kept puffing up the linguistic hill.

Today, with the passage of Senator Moynihan's long-overdue bill giving a work theme to the new welfare, workfare, the word, is rolling merrily along. The unexpectedly sturdy new nonn has even been used in a compound adjective in Britain: "Lord Young, the employment secretary," wrote The Finan-cial Times, "last night issued a statement saying he had no plans to introduce a workfare-type program in the United Kingdom.

This ugly duckling of a neologism, derided at launch, neglected by word mavens - has passed the 2,000-citations mark, and it is just about every new dictionar ...

When it was included in the final volume of the Supplement to the Oxford English Dictionary, I learned that the coiner was someone else. The July 1968 issue of Harper's Magazine had a piece about Charles Evers, a Mississippi congressional candidate, that in-cluded this line: "One of Evers' programs is what he calls workfare; he has said that everybody ought to work for what he gets." That's all right; I may not have

been the first to use the word, but I had a hand in its nationwide launch and feel a stepfather's pride. There goes workfare chugging down the hill, puffing "I-filled-a-void, I-filled-a-void," and as much a part of colorie language as the ancierate of today's language as the ancie word it was bottomed on.

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What he also has is attentiveness to detail and, in his bland, shy way, passion. The point of collecting, he says, is to enter into a permanent relationship with the

essary. Panza says, even in days when public museums are richly endowed. "Public administrations are unable to collect contemporary art because they must be democratic — they have to buy many artists and good art is made by few artists. Museums in general are not good collectors of contemporary art, even in America where there are no political pres-

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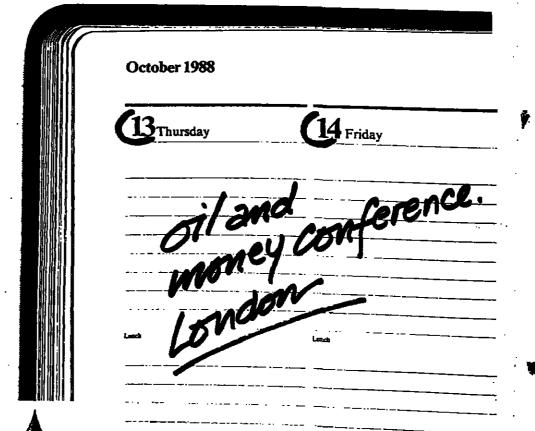
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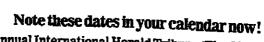
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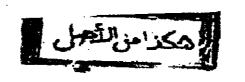


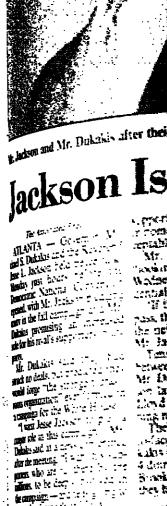


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